



**COMMERCIAL IN CONFIDENCE
EXCLUSIVE MILK SUPPLY AGREEMENT
("EMSA")**

Brownes Dairy Contract ID

STATEMENT OF CIRCUMSTANCES

This Agreement sets out the term and conditions which under which Brownes Dairy is prepared to enter into an Exclusive Milk Supply Agreement (EMSA) as required by the Competition and Consumer (Industry Codes-Dairy) Regulations 2019 (Dairy Code).

Term	Eligible conditions
Region/Territory	Western Australia, south west of a line Perth to Albany (and close surrounds).
Supply Term	Three years from the Commencement Date to the Termination Date.
Farm visit – new suppliers	The Brownes Dairy Farm Liaison manager will visit all new farms wishing to supply Brownes Dairy to assess whether the farm meets Brownes Dairy's safety and quality standards before we will consider entering into an MSA.
Total volume to be procured by Brownes Dairy	Brownes Dairy's initial volume requirement from all Supplier's under this EMSA is approximately 140 million litres. Brownes Dairy intends to issue new EMSAs for additional volumes once this volume requirement is satisfied.
Individual minimum collection volumes	The minimum collection volume is 400 litres of milk per stop.
Production supply curve	Brownes Dairy's primary product for sale in the Region is short life dairy products, such as milk. The demand for these products is reasonably consistent each week. Should a supplier have a supply profile that is incompatible with Brownes Dairy's' target markets then Brownes Dairy reserves the right to decline the offer to enter into a milk supply agreement with that supplier.

MILK SUPPLY AGREEMENT DETAILS

Item 1	BROWNES DAIRY	Brownes Foods Operations Pty Ltd ABN 60 146 849 881 22 Geddes Street, Balcatta, WA 6021
Item 2	SUPPLIER	
Item 3	TRUST	
Item 4	TRUSTEE	
Item 5	FARM	
Item 6	COMMENCEMENT DATE	
Item 7	TERMINATION DATE (Agreements for more than one year)	
Item 8	TERMINATION NOTICE DATE	
Item 9	AGREEMENT END DATE (No Notice Given)	
Item 10	MIMIMUM PRICE	See the Seasonal Pricing Letter at Appendix C (Note: the Seasonal Pricing Letter also constitutes a statement of justification of minimum prices for the purposes of section 14 of the Code)..
Item 11	SUPPLIER INSURANCES	<p>(a) Public and products liability insurance covering the liability of the Supplier in respect of loss of or damage to property and death of or injury to any person. Such cover to be for an amount not less than \$20 million per occurrence for public liability and \$20 million for all claims in the annual aggregate in relation to products liability and such policy must note Brownes Dairy as an additional insured, include a cross liability clause and a waiver of subrogation in favour of Brownes;</p> <p>(b) Insurance that is compulsory under applicable Law governing the use of motor vehicles and liability for personal injury or death;</p> <p>(c) Workers compensation insurance (including industrial disease) as required by law with a</p>

		<p>common law limit of \$50 million in respect of any number of persons and arising out of the one event. Where permitted by law this policy must be extended to include a principals indemnity extension applying to both act benefits and common law entitlements with a waiver of subrogation in favour of Brownes Dairy;</p> <p>(d) Property insurance, insurance covering property damage to all equipment and plant owned by the Supplier which is to be used in the course of performing the Supplier's obligations under this Agreement. Such policy to be arranged on a replacement/reinstatement basis.</p>
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Signed for Brownes Dairy Foods Operations Pty Ltd by an authorised officer in the presence of

Signature of witness

Name of witness (print)

Signature of officer ←

Name of officer and date (print)

Office held

Executed by the Supplier by an authorised officer
In the presence of

Signature of Witness ←

Name of Witness

Address of Witness

Signature of Director ←

Date

Executed by the Guarantor
In the presence of

Signature of Witness ←

Name of Witness

Signature of Guarantor ←

Date

GENERAL TERMS

1 ELEMENTS OF THIS AGREEMENT

1.1 Documents comprising this Milk Supply Agreement

- (a) This Agreement is made up of:
 - (i) the Agreement Details;
 - (ii) the Seasonal Pricing Letter (Appendix B);
 - (iii) these General Terms;
 - (iv) Farm Supply Manual (Appendix C),which collectively form a single document.
- (b) If there are any inconsistencies between the documents referred to in clause 1.1(a), these documents will prevail in the order listed above

1.2 Compliance with the Dairy Code

- (a) This Agreement is intended to comply with and be interpreted consistently with the required terms of the Dairy Code.
- (b) To the extent there is any inconsistency between this Agreement and the mandatory provisions of the Dairy Code, the Dairy Code prevails.
- (c) 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.
- (d) In accordance with the Dairy Code, both parties must at all times deal with each other in Good Faith.

2 TERM AND COOLING OFF

2.1 Term

- (a) This Agreement starts on the Commencement Date and ends on the date 12 months after either party gives the other party notice of its intention to terminate this Agreement (**Expiry Termination Notice**) unless terminated earlier in accordance with other provisions in this Agreement, or extended in accordance with clause 2.1(e).
- (b) An Expiry Termination Notice is only valid if it is given on or after the date 12 months before the Termination Date (**Termination Notice Date**).
- (c) Brownes Dairy will use all reasonable endeavours to remind the Supplier that the earliest date to give an Expiry Termination Notice is approaching by giving the Supplier written notice of that date 13 months prior to the Termination Date.
- (d) If neither party gives the other an Expiry Termination Notice, and the parties have not entered into a new milk supply agreement, this Agreement will end on the Agreement End Date (that is, the date 12 months after the Termination Date).
- (e) If this Agreement is for a Term longer than three years the Supplier may extend the Term by a period of 12 months by giving Brownes Dairy written notice to that effect in accordance with clause 2.1(g) (**Extension Notice**).
- (f) Clause 2.1(e) does not allow the Supplier to extend the Term more than once.

- (g) The Supplier must give the Extension Notice to Brownes Dairy:
 - (i) no earlier than 30 days prior to the Agreement End Date; and
 - (ii) no later than 7 days prior to the end of the supply period being the Agreement End Date.

2.2 Cooling Off Period

A 14-day cooling-off period commences from the day this Agreement is entered into and ends 14 days later. By providing Brownes Dairy with written notice during during this cooling-off period, the Supplier may terminate this Agreement with immediate effect without incurring any liability to Brownes Dairy.

3 EXCLUSIVE SUPPLY OF MILK

- (a) The Supplier must supply Brownes Dairy with milk during the Term.
- (b) The Supplier must not supply any milk or products processed from milk (including any milk in excess of the Annual Supply Volume or Monthly Supply Profile) to any person other than Brownes Dairy during the Term.
- (c) Brownes Dairy will buy, and the Supplier must sell all of the milk produced by the Supplier during the Term subject to the terms of this Agreement.
- (d) Brownes Dairy may purchase milk from other suppliers during the Term.

4 PRICE FOR THE MILK

4.1 Minimum Price

- (a) Subject to the other terms of this Agreement Brownes Dairy will purchase all of the Supplier's milk each month and pay the Supplier for that milk in accordance with the Seasonal Pricing Letter.
- (b) In accordance with the Dairy Code, the Minimum Price does not include:
 - (i) any loyalty payments*;
 - (ii) any fees payable by the Supplier under this Agreement; or
 - (iii) any temporary reduction in the Minimum Price due to Exceptional Circumstances. See clause 4.4 for details.

(*Note: Brownes Dairy does not make any "loyalty payments" under this Agreement, so this does not apply.)

4.2 Justification for Minimum Price

For the purposes of the Dairy Code, the Seasonal Pricing Letter provides a statement of justification for each Minimum Price under this Agreement.

4.3 Increases to the Minimum Price

- (a) Brownes Dairy may decide during the Term to increase the Minimum Price (**Price Increase**).
- (b) If Brownes Dairy decides to increase the Minimum Price, it will give the Supplier details of the Price Increase. Due to the requirements of the Dairy Code, in order to be eligible to receive the Price Increase, the Supplier must agree in writing to the variation of this Agreement in accordance with the Price Increase notified by Brownes Dairy. Brownes Dairy will provide the Supplier with instructions as to how to agree to any such variation of this Agreement at the time it notifies the Supplier of the Price Increase.
- (c) In addition to the Minimum Price, the Supplier may also be eligible for additions to the Minimum Price in accordance with the Seasonal Pricing Letter.

- (d) If the Supplier is eligible for any additions to the Minimum Price, these will be paid as part of the Supplier's monthly payment in accordance with clause 5, unless otherwise described in the Seasonal Pricing Letter.

4.4 Reduction to Minimum Price in Exceptional Circumstances

In accordance with the Dairy Code, notwithstanding any other terms to the contrary in this Agreement, Brownes Dairy may unilaterally prospectively step down the Minimum Price only where:

- (a) Exceptional Circumstances occur; and
- (b) Brownes Dairy has taken or will take all reasonable steps to prevent or limit the impact of the Exceptional Circumstances, or there are no such steps Brownes Dairy can take; and
- (c) because of the Exceptional Circumstances the unilateral prospective step down is unavoidable; and
- (d) at least 30 days before the step down occurs, Brownes Dairy has given the Supplier and the ACCC written notice of:
 - (i) the step down;
 - (ii) the Exceptional Circumstances;
 - (iii) the reasonable steps (if any) Brownes Dairy has taken or will take as mentioned in paragraph 4.4(b);
 - (iv) why the step down is unavoidable; and
 - (v) the period to which the step down applies.

4.5 Supplier's Right to Terminate

- (a) The Supplier will have a right to terminate this Agreement within 21 days after receiving a Notice of the prospective step down under clause 4.4(d) (**Notice Period**), with effect from the day the step down occurs.
- (b) The Supplier can also change its mind and withdraw its termination during those 21 days only (that is, during the Notice Period).
- (c) The Minimum Price must not be further reduced as a result of the Supplier rescinding a termination under clause 4.5(b).
- (d) If the Supplier chooses to terminate this Agreement, in accordance with the Dairy Code, the Supplier must continue to supply Brownes Dairy until the date the step down takes effect.
- (e) Before the date of termination under clause 4.5(a), either party must (on request from the other party) reasonably negotiate with the other party to seek to reach agreement on the terms of a new Seasonal Pricing Letter (terms and conditions as to price) that are mutually acceptable to the parties. If the parties:
 - (i) reach agreement prior to expiry of the Notice Period, then the Supplier's termination notice under clause 4.5(a) will automatically be withdrawn and this Agreement will continue on the terms agreed by the parties; or
 - (ii) do not reach agreement prior to expiry of the Notice Period, this Agreement will expire on the last day of the Notice Period.
- (f) Brownes Dairy requests the Supplier to provide Brownes Dairy with as much notice as possible of its termination, or withdrawal of termination, under this clause so that Brownes Dairy may make arrangements to cease collecting or continue collecting the Supplier's milk.

- (g) If the Supplier terminates this Agreement under this clause then, as soon as practicable after termination, the Supplier must give Brownes Dairy written notice of the termination, the reason for the termination and the day the termination takes effect.

4.6 No Retrospective Step Downs

Brownes Dairy will never retrospectively reduce the Minimum Price under this Agreement.

5 MILK PAYMENTS

- (a) Brownes Dairy must pay to the Supplier the amount calculated in accordance with the Seasonal Pricing Letter in respect of the volume, and quality of milk supplied by the Supplier and the other factors specified in the Seasonal Pricing Letter.
- (b) Brownes Dairy will deduct or withhold amounts from the milk payments in accordance with the Seasonal Pricing Letter.
- (c) Brownes Dairy may also deduct and set-off from the milk payments any other amounts which are due and payable by the Supplier to Brownes.
- (d) Brownes Dairy will pay the Supplier electronically for the previous month's supply, into nominated bank accounts on the last working day prior to the 15th of the month. A record of the milk payment in the form of a monthly statement will be posted or emailed to the supplier's nominated address on or after that date.
- (e) To assist with cash flow, Brownes Dairy can, if requested or agreed by the Supplier, make a payment to the Supplier of a proportion of the Supplier's monthly estimated milk payment on the 1st working day after the 1st of the month. This payment is calculated by reference to the first 10 days' supply of the previous month.
- (f) All amounts payable under or in accordance with this Agreement are exclusive of GST (as defined in the A New Tax System (Goods and Services Tax) Act 1999 (Cth)) and:
 - (i) each party warrants that it is registered for GST and agrees to notify the other if it ceases to be registered;
 - (ii) the Supplier agrees that it will not issue tax invoices in respect of the milk supplied by it under this Agreement; and
 - (iii) the Supplier authorizes Brownes Dairy to issue tax invoices in the form of recipient created tax invoices in respect of the milk supplied to it under this Agreement and may issue adjustment notes, where applicable.

6 FEES AND LEVIES

- (a) The Supplier must pay Brownes Dairy the Milk Collection Fee and the Dairy Australia Levy, which will be deducted each month from the amount payable to the Supplier under clause 4.1(a).
- (b) There will not be any increase to the milk Collection Fee. This fee is fixed for the Term.
- (c) The Dairy Australia Levy is subject to review by Dairy Australia from time to time.

7 FARM SUPPLY MANUAL

The Supplier agrees to be bound by and must comply at all times with the Farm Supply Manual.

8 QUALITY OF THE MILK

8.1 Quality Assurance

- (a) The Supplier must ensure, and it is a condition of this Agreement, that all milk supplied, meets the Quality Standards.

- (b) The Supplier must immediately notify Brownes Dairy if the Supplier has any reason to believe the milk does not meet the Quality Standards.
- (c) If the Supplier supplies milk that does not meet the Quality Standards and it results in the contamination of other milk in the tanker or in the processing system, then the Supplier may be held responsible for the total volume of milk lost and the costs of rectification.

8.2 Sampling Procedures and Volume Accuracy Assurances

The sampling procedures and the volume accuracy assurances that may be used in relation to the Milk by the Processor are outlined in the Farm Supply Manual.

8.3 Rejection of Milk

- (a) Brownes Dairy may reject the Supplier's milk if it does not meet the Quality Standards.
- (b) If Brownes Dairy rejects the Supplier's milk Brownes Dairy will give the Supplier written notice of:
 - (i) the reasons for the rejection;
 - (ii) the consequences of the rejection and any associated costs for the Supplier to pay; and
 - (iii) of any action plan Brownes Dairy requires the Supplier to implement to ensure that the Quality Standards are met and to avoid future rejections.
- (c) Brownes will not be liable to pay the Supplier for milk that Brownes has rejected or refused to collect in accordance with this Agreement.

8.4 Statements

- (a) Brownes Dairy must give written statements to the Supplier at the times specified in the Farm Supply Manual.
- (b) The written statements will include the information specified in the Farm Supply Manual.

8.5 Audit Access

The Supplier must provide Brownes Dairy (or its representative or the relevant regulatory body) with full and unimpeded access to the Farm and dairy in order to conduct compliance audits and adhoc investigations in relation to the operation of the Farm and the performance of the Supplier's obligations under this Agreement including, without limitation, of the Supplier's animal welfare practices or disease incidents.

8.6 Testing

- (a) Brownes Dairy will test samples of the Supplier's milk in accordance with the testing specifications set out in the Farm Supply Manual.
- (b) Brownes Dairy must give the Supplier, as soon as practicable after Brownes Dairy tests the milk, written notice of the results of the test.

9 ANNUAL SUPPLY VOLUMES AND MONTHLY SUPPLY PROFILE

- (a) The Supplier acknowledges that:
 - (i) supply of milk in accordance with the Annual Supply Volume and Monthly Supply Profile as set out in Appendix A is critically important so that Brownes Dairy can manage its demand for milk across each Year of the Term and each month within a Year; and
 - (ii) if Brownes Dairy receives milk in excess of the Annual Supply Volume or Monthly Supply Profile as set out in Appendix A, it may be faced with an oversupply of milk (whether in a

given month or over a Year) which may affect Brownes Dairy' ability to process and sell milk profitably, and this may have an impact on Seasonal Price in future periods.

- (b) The Supplier must use best endeavours to supply milk to meet the Annual Supply Volume and Monthly Supply Profile as set out in Appendix A throughout the Term and must operate its business in good faith with the aim of meeting those goals.
- (c) In any month where the Supplier supplies a volume of milk which is more than 10% below the Monthly Supply Profile as set out in Appendix A, the shortfall in volume is known as a **Milk Deficit**.
- (d) If a Milk Deficit occurs, Brownes Dairy may require the Supplier, by written notice within 14 days of a Milk Deficit occurring, to meet to agree on corrective actions to build volumes to meet the Monthly Supply Profile. The Supplier must take all reasonable steps to act on and implement the agreed corrective actions.
- (e) If the Supplier becomes aware at any time that it is likely that it will supply a volume of milk which is more than 10% below the Monthly Supply Profile as set out in Appendix A for that month or any future months, the Supplier must immediately advise Brownes Dairy in writing (**Milk Deficit Notice**) of the likely Milk Deficit. The Milk Deficit Notice must specify the estimated likely Milk Deficit, and the likely time periods over which the Milk Deficit will occur.
- (f) The Supplier and Brownes Dairy may at any time meet and renegotiate the Monthly Supply Profile and by mutual agreement either increase or decrease the amount of milk defined in the Monthly Supply Profile.

10 COMPLIANCE WITH LAWS

The Supplier must obtain and maintain all necessary licenses, approvals and permits to supply milk and must comply with all relevant laws, regulations, codes of practice and good industry practice (**Laws**) applicable to the operation of the Farm as a dairy and the supply of milk including, without limitation, Laws relating to:

- (a) maintenance of milk quality, including quality assurance programs, food safety programs and storage capability;
- (b) compliance with employment obligations and occupational health and safety;
- (c) discrimination and bribery and corruption;
- (d) environmental requirements (including in respect of effluent disposal);
- (e) animal welfare; and
- (f) modern slavery.

11 DEFAULT AND TERMINATION

11.1 Default

- (a) If a party breaches any of its obligations under this Agreement, the other party may give written notice requiring that the defaulting party remedy the breach as quickly as possible and in any event within 14 days.
- (b) To avoid doubt, to remedy a breach, the defaulting party must take all required action to prevent any further breach and must compensate the other party for any loss suffered as a result of a past breach.

11.2 Meaning of 'Material Breach'

- (a) In this Agreement, a 'Material Breach' by the Supplier means:
- (i) if this Agreement is an exclusive agreement, the Supplier supplies milk produced during the Term to any entity other than Brownes Dairy in breach of this Agreement.
 - (ii) if this Agreement is a non-exclusive agreement, and the Supplier fails to supply Brownes Dairy with the volumes of milk agreed to in accordance this Agreement;
 - (iii) the Supplier fails to follow acceptable animal welfare practices in accordance with the Farm Supply Manual and Dairy Australia's Animal Welfare recommendations;
 - (iv) the Supplier consistently breaches the Quality Standards and fails to put in place (or implement) a corrective action plan (approved by Brownes Dairy) within 10 working days of being required by written notice from Brownes Dairy to do so;
 - (v) the Supplier materially breaches any relevant law (including, without limitation, those specified in clause 10(a) to 10(f) inclusive) and fails to put in place (or implement) a corrective action plan (approved by Brownes Dairy) within 10 working days of being required by written notice from Brownes Dairy to do so;
 - (vi) the Supplier fails to comply in any material respect with requirements designated in the Farm Supply Manual as 'Major' or 'Critical' and does not reasonably remedy or take reasonable steps to address that failure (by implementing approved improvement plans or otherwise taking steps to the reasonable satisfaction of Brownes Dairy) within 14 days of being required by written notice to do so (or such longer period as Brownes Dairy may agree in writing);
 - (vii) the Supplier intentionally or deliberately tampers with or dilutes any milk supplied to Brownes Dairy under this Agreement;
 - (viii) the Supplier commits any other material breach of this Agreement and does not remedy that breach within 30 days of being notified in writing by Brownes Dairy;
 - (ix) the Supplier becomes insolvent or otherwise unable to pay its debts as and when they fall due;
 - (x) any step is taken by a mortgagee to take possession or dispose of the whole or part of the Supplier's assets, operations, business or undertaking, or any step is taken to appoint a receiver, a trustee and manager (or either of them) (including a statutory manager), a provisional liquidator, a liquidator, an administrator or other like person of the whole or part of the Supplier's assets, operations or business or a similar situation occurs;
 - (xi) the Supplier commits a deliberate or wilful default, by intentionally electing to fail to comply with, or breach, its material obligations under this Agreement; or
 - (xii) a Force Majeure Event affecting the Supplier continues for more than 60 days.
- (b) In this Agreement, a 'Material Breach' by Brownes Dairy means:
- (i) Brownes Dairy fails to pay any amount which is due and payable under this Agreement and does not remedy that failure within 14 of being required by written notice to do so, except where there is a good faith dispute as to the liability to pay that amount;
 - (ii) Brownes Dairy becomes insolvent or otherwise unable to pay its debts as and when they fall due;

- (iii) any step is taken by a mortgagee to take possession or dispose of the whole or part of Brownes Dairy' assets, operations, business or undertaking, or any step is taken to appoint a receiver, a trustee and manager (or either of them) (including a statutory manager), a provisional liquidator, a liquidator, an administrator or other like person of the whole or part of the Supplier's assets, operations or business or a similar situation occurs; or
- (iv) a Force Majeure Event affecting Brownes Dairy continues for more than 90 days.

11.3 Termination for Material Breach

- (a) The Supplier and Brownes Dairy may terminate this Agreement with immediate effect if the other party commits a Material Breach of this Agreement.
- (b) In order to terminate this Agreement in accordance with 11.3(a) the terminating party must provide the other parties with written notice of:
 - (i) the termination;
 - (ii) the reason for the termination; and
 - (iii) the day the termination takes effect.

11.4 Termination by the Supplier on Retirement or Sale

- (a) If the Supplier (or in the case of a Supplier which is incorporated, the principal controlling person who operates the Supplier) wishes to retire from the dairy industry the Supplier agrees to give Brownes Dairy as much notice as reasonably possible before the date on which they intend retiring and ceasing the production of milk on the Farm (**Retirement Notice**).
- (b) If the Supplier has given a Retirement Notice to Brownes Dairy under clause 11.4(a) Brownes Dairy agrees to release the Supplier from the supply obligations and terminate this Agreement, such release and termination to take effect on the date specified by the Supplier in the Retirement Notice as the date on which the Supplier intends to retire and cease production of milk on the Farm (or such other date as the Supplier and Brownes Dairy agree in writing) provided that the Supplier is able to satisfy Brownes Dairy (acting reasonably and in good faith) that the Supplier (or the relevant person) is genuinely retiring from the dairy industry and the Farm and the Supplier's assets will not be used by any other party to produce or supply milk.
- (c) If the Supplier enters into a binding agreement to sell the Farm to a bona fide third-party purchaser and the Supplier wishes to terminate this Agreement as a result of that sale, the Supplier agrees to notify Brownes Dairy as soon as possible before the date on which the intended sale of the Farm will be completed and the Supplier will cease the production of milk on the Farm (**Sale Notice**).
- (d) If the Supplier has given a Sale Notice to Brownes Dairy under clause 11.4(c) Brownes Dairy agrees to release the Supplier from the supply obligations and terminate this Agreement from the date specified by the Supplier in the Sale Notice as the date on which the Supplier intends to complete the sale of the Farm and cease production of milk on the Farm, provided that the Supplier is able to satisfy Brownes Dairy's (acting reasonably and in good faith) that the Supplier has sold the Farm and the Supplier's assets will not be used by any other party to produce or supply milk.

11.5 Effect of Expiry or Termination

On expiry or valid termination of this Agreement, the parties have no ongoing obligations to each other, other than in respect of rights that:

- (a) are expressed to survive termination (such as confidentiality obligations); and

- (b) those that accrued prior to termination or expiry (such as rights to receive payment for milk supplied immediately prior to termination and rights to receive compensation for past breaches).

11.6 Suspension

- (a) Brownes Dairy may suspend the collection of the Supplier's milk if the Supplier is in Material Breach of this Agreement.
- (b) Without limiting anything in clause 11.6(a), Brownes Dairy may suspend the collection of the Supplier's milk if the Supplier commits a 'critical non-conformance' in accordance with the criteria specified in the Farm Supply Manual.
- (c) If Brownes Dairy suspends collection of the Supplier's milk under this clause 11.6, Brownes Dairy will give written notice to the Supplier of the suspension, including details of the Material Breach/critical non-conformance and the corrective actions Brownes Dairy requires the Supplier to take to remedy the Material Breach/critical non-conformance.
- (d) Brownes Dairy is not required to resume collection of the Supplier's milk unless the Supplier has taken the corrective actions reasonably and properly required by Brownes Dairy to remedy the Material Breach/critical non-conformance. Brownes Dairy, acting reasonably and in good faith, may require an inspection of the Farm and the Supplier's operations before resuming collection of the Supplier's milk.
- (e) During the period of a suspension under this clause the Supplier shall not have any obligation to supply milk and Brownes Dairy shall not have any obligation to collect or pay for milk. The suspension of the Agreement will not have any effect on the Term of the Agreement.
- (f) Brownes Dairy shall not be liable for any loss or damage suffered by the Supplier arising out of or relating to Brownes Dairy suspending collection of the Supplier's milk pursuant to this clause or the Farm Supply Manual.
- (g) Brownes Dairy's rights of suspension under this clause are in addition to Brownes Dairy's rights under this Agreement where the Supplier breaches this Agreement, including clauses 11.2 and 11.3.

12 DISPUTE RESOLUTION

12.1 Resolution of Disputes and Complaints

- (a) 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 this Agreement, the matter may be dealt with or resolved:
 - (i) in accordance with the complaint handling procedure below; or, if that fails,
 - (ii) by mediation in accordance with the procedure set out in section 48 of the Dairy Code.
- (b) A complaint or dispute must be dealt with in accordance with the complaint handling procedure in clause 12.2 below before the parties take action to resolve the complaint by mediation.
- (c) A party may not commence court proceedings, other than to seek interlocutory or interim relief, without complying with the dispute resolution procedures set in clauses 12.2 and 12.3.

12.2 Complaint Handling Procedure

- (a) If a party to this Agreement has a complaint (**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 wants the complaint to be dealt with in accordance with the complaint handling procedure provided in this Agreement; and

- (iii) the outcome the Complainant wants, (**Complaint Notice**).
- (b) If the Supplier is the Complainant, the Supplier must provide the Complaint Handling Officer with a copy of the Complaint Notice.
- (c) Within 5 working days after receiving the Complaint Notice, 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 referred to in clause 12.2(c) 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.

12.3 Mediation

- (a) Either party may refer the dispute to be resolved by mediation in accordance with section 48 of the Dairy Code.
- (b) The mediation must take place in Australia.
- (c) The Supplier and Brownes Dairy must each pay an equal share of the costs of the mediation (being all reasonable costs associated with the conduct of the mediation (such as mediator's fees and room hire) unless the parties to the mediation agree otherwise .
- (d) The Supplier and Brownes Dairy must otherwise each pay their own costs (including legal costs) of and incidental to the mediation.
- (e) The Supplier and Brownes Dairy must not disclose to any person other than that party's professional advisers or insurer's information obtained during the mediation without the prior written consent of the other party or as required by law or to implement or enforce any settlement agreement.

12.4 Information

The Supplier agrees to provide Brownes Dairy with any information reasonably requested by Brownes Dairy to assist Brownes Dairy to comply with Brownes Dairy' dispute reporting obligations under section 56 of the Dairy Code

13 REPRESENTATIONS AND WARRANTIES

The Supplier represents and warrants to Brownes Dairy that:

- (a) the Supplier owns the milk at the time Brownes Dairy collects it from the Supplier and the Supplier has the right to supply it to Brownes Dairy;
- (b) it has control over all milk throughout the Term;
- (c) no other person carries on (or will carry on) activities at the Farm where that person has (or will have) any control over any milk at any time during the Term;
- (d) no other person is entitled to any milk produced at the Farm or products produced from that milk;
- (e) it has in its possession a copy of the Farm Supply Manual, being the version that is current at the time of entering into this Agreement;
- (f) the Supplier's dairy operations comply with Brownes Dairy' Quality Standards as well as all relevant laws, regulations and codes of practice, including but not limited to those in relation to

occupational health and safety, employment and workplace relations, modern slavery, environmental management, waste management and animal welfare;

- (g) all the milk the Supplier supplies to Brownes Dairy will meet or exceed the Quality Standards and comply with relevant Australian laws, regulations, codes of practice and good industry practice;
- (h) without limiting clause 13(g), the milk the Supplier supplies is not contaminated, spoiled or tainted with other substances;
- (i) the Supplier holds and maintains all the necessary licences, approvals and permits for supplying the Supplier's milk to Brownes Dairy;
- (j) the Supplier has the power to enter into and carry out its obligations under this Agreement and has arranged any authorisations necessary for the Supplier to execute this Agreement; and
- (k) the Supplier will not harm the reputation of Brownes Dairy or any of the Brownes Dairy brands.

14 INSURANCE, LIABILITY AND INDEMNITIES

14.1 Insurance

- (a) The Supplier must, at its cost, take out and maintain at all times during the Term the Supplier Insurances.
- (b) The Supplier must, prior to the Commencement Date, and at any other time during the Term on request, provide Brownes Dairy with a certificate of currency for each of the Supplier Insurances upon request.
- (c) The Supplier must give written notice to Brownes Dairy within seven days should it receive notice from an insurer which reduces any of the Supplier Insurances, or signals the intention of the insurer to cancel or not renew any policy in the Supplier Insurances.
- (d) The Supplier must not cancel, lapse, or reduce the extent of cover of any of the Supplier Insurances, without the prior consent of Brownes Dairy and must pay all premiums for the Supplier Insurances by the due date.
- (e) The Supplier must pay the policy excess on any of the Supplier Insurances.
- (f) The Supplier must not do anything which may result in any of the Supplier Insurances being vitiated, or rendered void or voidable.
- (g) The Supplier must promptly notify Brownes Dairy in writing of any occurrence on Site that may give rise to a claim being made under any of the Supplier Insurances, and keep Brownes Dairy updated on the progress of any such claim.

14.2 Indemnity

- (a) Subject to clause 14.2(b), the Supplier must indemnify and keep indemnified Brownes Dairy, all of its related entities, together with their employees, agents and contractors (**Brownes Dairy Indemnified Parties**) against all claims, expenses, losses, damages and costs (**Liabilities**) (including all Liabilities arising as a result of damage to a third party's property or injury to or death of any person, and all legal costs (on a solicitor and own client basis) in relation to any Liabilities) sustained or incurred by any of Brownes Dairy Indemnified Parties arising from:
 - (i) any breach of this Agreement by the Supplier or the Supplier's employees, agents or contractors;
 - (ii) any negligent or wrongful act or omission of the Supplier or the Supplier's employees, agents or contractors in the course of or related to the performance of, or failure to perform, any of the Supplier's obligations under this Agreement; and

- (iii) any fraud, dishonesty, misrepresentation or wilful default by the Supplier or any of the Supplier's employees, agents or contractors in the course of or related to the performance of, or failure to perform, any of the Supplier's obligations under this Agreement.
- (b) The Supplier is not required to indemnify any of the Brownes Dairy Indemnified Parties for Liability to the extent that is caused by the contributory negligence or fault of the Brownes Indemnified Parties

14.3 Consequential Loss

Neither Brownes nor the Supplier will be liable to the other for any consequential or indirect losses including but not limited to loss of profit, loss of revenue, loss of goodwill, loss of opportunity or any other indirect or consequential loss.

15 TRUSTEE PROVISIONS

15.1 Agreement with Trustee

- (a) Unless the Supplier has told Brownes Dairy that it is the trustee of a trust, the Supplier warrants that the Supplier is entering into this Agreement in its own capacity and not on behalf of any other person or as trustee of a trust.
- (b) If this Agreement is entered into between Brownes Dairy and one or more Trustees of a Trust(s), this Agreement binds each Trustee in its personal capacity and in its capacity as trustee of each Trust in respect of which it is the trustee.

15.2 Representations and warranties

- (a) Each Trustee that has entered into this Agreement represents and warrants to Brownes Dairy that:
 - (i) Trustee has full and valid power and authority under the Trust in respect of which it is the trustee to enter into this Agreement and to carry out the transactions contemplated by this Agreement;
 - (ii) this Agreement does not conflict with the operation or terms of the Trust in respect of which it is the trustee;
 - (iii) Trustee has the right to be indemnified out of, and a lien over, the assets of the Trust in respect of which it is the trustee for all liabilities incurred by it under this Agreement. This right has not been limited in any way. The Trustee has no liability which may be set off against that right of indemnity;
 - (iv) Trustee enters in this Agreement and the transactions evidenced for the proper administration of the Trust in respect of which it is the trustee and for the benefit of all of the beneficiaries of that Trust;
 - (v) there has been no resolution or direction to remove Trustee as trustee of the Trust;
 - (vi) Trustee is the sole trustee of the Trust;
 - (vii) the Trustee will adhere to its duties as trustee in respect of which it is the trustee;
 - (viii) without the prior written consent of Brownes Dairy;
 - (ix) the trust deed in respect of the Trust (in respect of which it is the trustee) will not be amended in any way;
 - (x) there will be no change in trustee of the Trust in respect of which it is the trustee;

- (xi) the capital of the Trust in respect of which it is the trustee will not be distributed in any way; and
- (b) on any change in trustee of the Trust in respect of which it is the trustee, the Trustee will ensure that any replacement trustee executes all documents necessary to ensure the effectiveness of this Agreement, including the representations and warranties under this clause 1 of Appendix B.

16 CONFIDENTIALITY AND INTELLECTUAL PROPERTY

16.1 Confidential Information

- (a) Neither party may disclose to a third party any confidential information made available to it by the other party (including the Agreement Details) during the Term and for 3 years thereafter, unless required to do so by law.
- (b) All confidential information and any intellectual property provided by Brownes Dairy in connection with this Agreement remains at all times Brownes Dairy's confidential and proprietary information and must be used solely for the purposes of fulfilling the Supplier's obligations under this Agreement and for no other purpose. Any such information must not be disclosed to any third party and be returned to Brownes Dairy at any time on request by Brownes Dairy.

16.2 Intellectual Property

All proprietary rights in any intellectual property (including any design, data, specifications, know-how or any other form of intellectual property) that is specifically developed for or by Brownes Dairy as part of the provision of any cow's milk or service will become Brownes Dairy's property.

17 RISK AND TITLE

- (a) Risk in and title to the milk will pass to Brownes Dairy on collection.
- (b) Collection will be deemed to occur when the milk is pumped into Brownes Dairy (or Brownes Dairy' nominee's) tanker from the Supplier's vat.
- (c) For the avoidance of doubt, the Supplier remains liable for any quality or other issues with the Supplier's milk including (but not limited to) where that milk contaminates other milk.

18 SUBCONTRACTING

- (a) The Supplier must obtain Brownes Dairy' prior written consent before the Supplier can subcontract any of its obligations under this Agreement.
- (b) If Brownes Dairy provides that consent, the Supplier acknowledges that the Supplier remains liable to Brownes Dairy for the acts and omissions of any subcontractor.

19 ASSIGNMENT

- (a) The Supplier must not assign, novate, or otherwise transfer its rights or obligations under this unless the Supplier obtains Brownes Dairy's prior written consent to that assignment novation or transfer. Brownes Dairy will not unreasonably withhold its consent if Brownes Dairy is satisfied (acting reasonably and in good faith) that the assignee, novatee or transferee (as the case may be) has the ability to comply with the terms of the Agreement and is willing to enter into an agreement with Brownes Dairy under which it agrees to carry out the Supplier's obligations under this Agreement.
- (b) Brownes Dairy may assign, novate or otherwise transfer its rights or obligations under this Agreement to any other person, or grant or create a security over this Agreement or any of its rights under this Agreement, by giving notice to the Supplier (and the Supplier agrees to enter into such documents are reasonably required to give effect to any such assignment, novation, transfer or security).

20 GUARANTEE BY THE GUARANTOR

20.1 Guarantee

The Guarantor unconditionally and irrevocably guarantees to Brownes Dairy the due and punctual performance and observance by the Supplier of all of the obligations that must be performed and observed by the Supplier and contained in or implied under this Agreement, including any obligation in respect of any breach of a warranty or representation given in this Agreement (**Guarantee**).

20.2 Extent Of Guarantee

The Guarantee remains unaffected in spite of:

- (a) an amendment of this Agreement or any other Transaction Agreement, as applicable, whether with or without Brownes Dairy' knowledge or consent;
- (b) any rule of law or equity to the contrary;
- (c) any Insolvency event affecting a person or the death of a person;
- (d) a change in the constitution, membership, or partnership of a person; or
- (e) the partial performance of the Guaranteed Obligations.

21 GENERAL

21.1 Variations

- (a) Unless otherwise specified in this Agreement, neither party to this Agreement can unilaterally change this Agreement, and any changes to this Agreement, including, without limitation, the Farm Supply Manual, must be made in writing and agreed by both the Supplier and Brownes Dairy.
- (b) If there is a change in a Commonwealth, State or Territory law, then Brownes Dairy may unilaterally vary this Agreement and the Farm Supply Manual:
 - (i) only to the extent necessary to comply with the changed law; and
 - (ii) without reducing the Minimum Price; and
 - (iii) Brownes Dairy will provide the Supplier with written notice of the variation, the reason for the variation and the day the variation takes effect.

21.2 Notices

All notices under this Agreement must be in writing. Either party may give notice to the other in writing by email or by delivering or posting it to the address stated on the front page of in this document (as amended by notice from time to time).

21.3 Joint and several liability

A promise on the part of two or more persons binds them jointly and severally.

21.4 Governing law

This document and the balance of the Agreement shall be governed by laws of the State of Western Australia. The parties irrevocably agree that the courts of the State of Western Australia shall have exclusive jurisdiction.

21.5 Advice

The Supplier represents and warrants to Brownes Dairy that it has had the opportunity to seek such legal and other advice as the Supplier believes appropriate in the context of this document and the balance of the Agreement.

21.6 Costs

Each party must pay its own costs of negotiating, preparing and executing this document and the balance of the Agreement.

21.7 Prior Agreements

- (a) This Agreement replaces all previous agreements between the parties concerning its subject matter and constitutes the entire agreement between the parties.
- (b) For the avoidance of doubt, clause 21.7(a) does not affect any rights and obligations of the parties accrued in respect of any previous agreement prior to the date of this Agreement.

21.8 Waiver

A failure or delay in exercising a right under this Agreement does not mean that the right has been waived and does not prevent the party from exercising that right.

21.9 Relationship

The relationship between the parties under this Agreement is one of principal and independent supplier and is not to be taken to be a partnership, agency or employment relationship.

21.10 Force Majeure

- (a) If a Force Majeure Event occurs and prevents a party from complying with an obligation under this Agreement (**Affected Party**), the Affected Party will:
 - (i) notify the other party of the nature of the event, and of the obligations it will be unable to perform as a result; and
 - (ii) make all reasonable efforts to remedy the cause of the Force Majeure Event as quickly as possible.
- (b) Once the other party has been notified, the relevant obligations under this Agreement will be suspended until the Force Majeure Event ceases to apply provided the Affected Party complies with its obligation to make all reasonable efforts to remedy the cause of the Force Majeure Event as quickly as possible.
- (c) If the effects of the Force Majeure Event continue past 90 days then the other party can choose to terminate this Agreement by notifying the Affected Party in writing.

21.11 Counterparts

This Agreement may be executed in counterparts and by electronic signature. Each counterpart will be deemed to be an original and, when taken together, will be deemed to be the same Agreement.

21.12 No Disadvantage

A rule of construction does not apply to the disadvantage of a party because that party was responsible for the preparation of this Agreement or any part of it.

22 DEFINITIONS

In this Agreement:

Agreement Details means the agreement details table at the start of this Agreement.

Annual Supply Volume means the annual milk supply volume requirements as set out in Appendix A of this document as amended from Year to Year in accordance with paragraph 3 in Appendix A.

Complaint Handling Officer means Brownes Dairy's General Manager of Procurement from time to time.

Dairy Australia Levy means the levy payable on dairy produce to provide funding for marketing, research and development carried out through Dairy Australia. Full details of the dairy levies can be found at <https://www.agriculture.gov.au/ag-farm-food/levies/rates#animal-products>.

Exceptional Circumstances has the same meaning as in section 28 of the Dairy Code, namely circumstances that;

- (a) are temporary; and
- (b) involve an extraordinary event (including an emergency or change in market conditions) that;
 - (i) occurs outside Australia; and
 - (ii) has a highly significant effect on supply, demand or costs in the dairy industry; and
 - (iii) is not caused by decisions made by the processor.

Extension Notice has the meaning given in clause 2.1(b).

Farm means the property or properties specified in the Agreement Details.

Farm Supply Manual means farm supply manual set out in Appendix C.

Force Majeure Event means an extreme weather event (such as a declared drought, bush fire, or flood) or other act of God (such as a pandemic, epidemic, disease outbreak or earthquake) to the extent that the effect of the event or act could not have been avoided by the exercise of reasonable care or diligence.

Good Faith has the same meaning as in section 11 of the Dairy Code.

Milk Deficit has the meaning given in clause 9(c).

Milk Deficit Notice has the meaning given in clause 9(e).

Minimum Price means the Minimum Price set out in Section A of the Seasonal Pricing Letter.

Monthly Supply Profile means the monthly supply requirements set out in Appendix A.

Quality Standards means the Brownes Dairy quality standards for milk supplied under this Agreement, as set out in the Farm Supply Manual.

Related Company means any company that, directly or indirectly, is controlled by Brownes Dairy or by another company that also controls a Brownes Dairy Company.

Seasonal Pricing Letter means the 'Brownes Dairy Seasonal Pricing Letter' set out at Appendix B issued to the Supplier and any subsequent amendment to it.

Term means the term of this Agreement and, where the context requires, includes any extension or renewal.

Unilateral Prospective Step Down has the same meaning as in section 28 of the Dairy Code and is a unilateral variation of the milk supply agreement by the processor the reduces a minimum price for milk supplied under the agreement after the variation occurs.

Year means each year during the Term from 1 July to 30 June.

**APPENDIX A
ANNUAL SUPPLY VOLUME FY23**

ANNUAL SUPPLY VOLUMES

Farm Numbers:

1) ANNUAL SUPPLY VOLUMES

The initial Annual Supply Volume, covering the period from 1 July 2022 to 30 June 2023 is supplied in accordance with the Monthly Supply Profile set out in the table below.

2) MONTHLY SUPPLY PROFILE

The Monthly Supply Profile for each period and Year is set out in the table below.

3) ANNUAL REVIEW OF THE ANNUAL SUPPLY VOLUMES

The Supplier and Brownes Dairy may meet to conduct an annual production review during which the parties may renegotiate in good faith a new Annual Supply Volume and Monthly Supply Profile for the next Year commencing on 1 July.

The parties must take into account Brownes Dairy' forecast demand requirements for milk for the next Year and the Supplier's current production capacity when negotiating the new Annual Supply Volume and Monthly Supply Profile.

Where the parties have not agreed to a new Annual Supply Volume by 31 March of a Year the Annual Supply Volume and Monthly Supply Profile for the previous Year shall continue to apply.

Period Ending 30 June 2023

Annual Supply Volume

Monthly Supply Profiles	Year Ending 30 June 2023
July	
August	
September	
October	
November	
December	
January	
February	
March	
April	
May	
June	
TOTAL	

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Brownes[®]
dairy

AUSTRALIA'S OLDEST DAIRY · EST. 1886



APPENDIX B FARM SUPPLY MANUAL



1. Introduction

Brownes Food Operations Pty Ltd. (Brownes) is committed to maintaining its position as the pre-eminent dairy business in Western Australia. Our business is based on sourcing high quality milk from local suppliers. We recognise the key contribution of our suppliers in developing a successful fresh dairy business, and the need to work closely together to ensure long term success.

This document outlines several key areas through which we operate and provides working guidelines and requirements.



2. Auditing and compliance with standards

Milk will only be collected from premises that comply with the requirements as set out in this Farm Supply Manual and always maintain compliance with the relevant state and federal legislation.

The Food standards code requires suppliers of raw milk to a dairy processor, to control the potential food safety hazards by implementing a documented *Food Safety Program* that is regularly maintained. Food standards code (4.2.4) contains more information on the requirements of the Food Safety Program.

All suppliers will be audited for compliance to the requirements set out in the Farm Supply Manual on a biannual basis as a minimum. Depending on the results from this audit, Brownes may require a more frequent audit schedule to be completed.

All suppliers must ensure that all of its employees and contractors understand the standards as detailed in the Farm Supply Manual.

Brownes may make the decision to stop collecting milk because of a critical non-conformance. In these circumstances, written notice will be provided to the Supplier detailing the reasons for the non-conformance and the corrective actions that need to be completed prior to collection recommencing. The supplier will then need to provide evidence of effective corrective action and the premises may need to be revisited prior to collection recommencing.

During audits and other visits by Brownes or our nominated representatives, non-conformances will be categorised into three categories;

- Minor non-conformance – No immediate risk of food safety or the safety of people.
- Major non-conformance – May lead to the supply of an unacceptable quality of milk or presents a risk to the health and safety of people.
- Critical non-conformance – Presents an imminent and serious risk to the safety of milk and/or the health and safety of people.

3. Milk and Payment

Brownes will pay Suppliers electronically for the previous month's supply, into nominated bank accounts on the last working day prior to the 15th of the month. A record of the milk payment in the form of a monthly statement will be posted or emailed to the supplier's nominated address on or after that date.

To assist with cash flow, Brownes can, if requested by the Supplier, make a payment to the Suppliers of approximately 30% of the Supplier's monthly estimated milk payment on the 1st working day after the 1st of the month. This payment is calculated by reference to the first 10 days' supply of the previous month.

Milk Income Estimates (as described below) for the season can also be provided to Suppliers if requested. Any changes to banking details and other Supplier information must be notified in writing.

Note: Changes to bank account details must be accompanied by a copy of a bank statement or deposit slip or other document that proves the ownership of the account.

For changes to bank accounts or farm ownership, Brownes will require:

- If the farm is in joint ownership, all joint owners to sign;
- If the farm is owned by a partnership, all partners to sign;
- If the farm is owned by a trust, all trustees to sign;
- If the farm is owned by a company, a director or a duly authorized signatory on behalf of the company to sign; and
- If there is a share farming arrangement in place on the farm, all parties to sign.

If an attorney is to sign an instruction or notice they must provide to Brownes the power of attorney under which they have been provided authority to sign. They will also be required to confirm to Brownes' satisfaction that the power has not been revoked.

The Supplier must provide to Brownes any instructions to change its personal information (including bank accounts) in writing before the end of the month to which the payment relates.

A monthly statement will be provided at the beginning of the month detailing payment for the previous months Milk in the form of a Recipient Created Tax Invoice and Recipient Created Adjustment Note, this statement will include: Base price and Litres supplied Quality and Component Adjustments, Charges and Other Adjustments and Loans and Advances along with daily collection records in volume, components and quality measures and Industry Levies.

4. Milk Testing

Brownes or any of its employees or agents shall have the right to test Milk supplied by the Supplier at any time for any of the following:

- contamination (being the presence of antibiotics or blood);
- dilution; and
- fat, protein, total plate count, somatic cell count, or other tests as required from time to time.

Milk quality premiums or deductions apply as per the Seasonal Pricing Letter.

- i) SCC tests are conducted by an independent accredited laboratory (currently Farm West) daily and TPC Counts tested internally at Brownes at various times throughout the month.
- ii) SCC monthly average is calculated using a "normalised average" where a daily result that is more than one standard deviation from the mean (simple average) gets excluded from average calculation as it is assumed "abnormal".

The Supplier retains the right to independently test for TPC, should there be a significant issue with TPC results from Brownes.

5. Supplier Services

◆ MADCAP Portal

The MADCAP Portal represents a valuable web based tool to assist our Suppliers to manage their business. The Supplier can access milk supply and quality data, graphs, comparative data and financial information online at

<https://brownesdairy.contecgroup.co.nz/>

Brownes can, if practical for Brownes to do so and authorised by the Supplier, grant access to a Supplier's individual farm data to the Supplier's agent.

◆ Milk Results and Statements

Brownes provides written daily milk tanker delivery dockets containing volume of collection, SCC and TPC results, milk collection temperature and componentry, Brownes will also provide SMS notification of daily milk quality data (including fat, protein and Somatic Cell Count data and weekly Total Plate Count data)

6. Herd Testing Incentive

Brownes recognises the importance of testing individual cows to assist decision making around milk production and quality. As set out in the Seasonal Pricing letter, the Herd Testing Rebate provides Suppliers with a rebate being the lower of 30% of the actual cost of herd testing per cow tested, or \$3.50 per cow tested, subject to Brownes being satisfied that the herd testing costs have actually been incurred.



7. Milk Quality Standards

◆ Milk Temperature Quality

Milk cooling is a key component to ensuring Brownes Dairy continues to produce high quality milk products and gains access to markets locally and internationally. Milk cooling and storage equipment must be properly installed, maintained and tested.

Milk should be cooled to 4°C within 2 hours and 30 minutes from completion of milking and be maintained at that temperature until collection. To make sure this is achieved the set point of the vat should be 3.5°C. The milk temperature should be checked and recorded annually. The temperature of the milk will be measured on every collection. Milk may not be collected if it is over 5°C.

The supplier must immediately notify Brownes of any quality problems which may make the milk unsuitable for collection (including but not limited to milk which does not meet the temperature requirements set out above, dilution or contamination of milk). The supplier must dispose of any rejected milk in accordance with local council and other regulatory environmental guidelines.

A record of milking completion times is clearly displayed in the transaction zone for the driver to complete a time/temperature assessment before collecting the milk. If the milk is over 5 degrees and the milk completion times is not displayed then the milk may not be collected.

◆ Milk Contamination

Brownes will reimburse Suppliers for one consignment of contaminated milk in each 12 month rolling period where Brownes has been notified in advance of collection of the contaminated milk on the terms set out in the Seasonal Pricing Letter. Conversely if a Supplier supplies contaminated milk into a tanker and in doing so contaminates the entire tanker load of milk, the Supplier is responsible for the cost of the entire load and costs associated with disposing of the entire contaminated milk load on the terms set out in the Seasonal Pricing Letter (APPENDIX C) and clause 8.1 (c).

◆ Transaction Zone (vat area/room)

The Transaction zone is where Farmer, Transport Provider and Brownes Dairy interact, this area should demonstrate a high standard of hygiene, and control in areas of chemical handling & storage, be a safe work environment for all parties, safe food controls and have good operational practices. The Transaction zone needs to be controlled and be in good order at all times always controlled and be in good order. The supplier is responsible for providing a safe working environment for the tanker driver to collect the milk.

Milk tanker drivers have a very important role in assessing the milk to be collected, following correct sampling procedures, and are required to enter the property under the control of the Supplier.

Suppliers must ensure;

- The transaction zone structure is sound, well maintained.
- The transaction zone is tidy with no waste or other items that are not directly needed for the operation of the equipment.
- The transaction zone walls, ceilings, and floors are to be cleaned washed down and sanitised regularly.
- The transaction zone / vat room must have sufficient lighting to ensure the safe collection of milk at all times of the day. We recommend a minimum of two lights internally and one light externally.

- The floor must be clean and well drained, safe from trip/ slip hazards.
- The transaction zone / vat room is only used for the purpose of milk storage and collection.
- Only chemical drums in use for the vat cleaning to be in the transaction zone.
- All electrical components in the transaction zone are safe and compliant to relevant standards.
- The external surfaces of the plant piping and rubber ware must be clean and fit for handling.
- There is a hose for use in the vat room for cleaning the vat and surrounds.
- Access to the transaction zone must be kept clean to eliminate contamination of the tanker hose.
- A water tap will be available inside or outside the vat room for use by drivers.
- Clear communication is provided with instructions relevant to the dairy and equipment operations.

◆ Milk cooling and storage equipment

Control of temperature and the environment is critical to the safe control of milk storage and quality. Regular servicing, upkeep and ensuring effectiveness of the vat, refrigeration and hot water is critical.

Suppliers must ensure;

- Milk is stored in a vat that meets Australian Standard 1187 (1996) "Refrigerated Milk Tanks" and only supply Brownes with milk from that vat.
- The milk cooling and storage equipment are serviced inline with the manufacturers guidelines or annually, whichever is the greater.
- The vat is sealed to ensure that no pests or foreign matter can enter and is intact and has no leaks.
- The vat outlet should be well maintained, not leaking and have an end cap in place when not connected.
- The vat controls, inspection hatches and surrounds are kept clean for operation and inspection.
- The external parts of the vat must be cleaned regularly, including the vat lid to avoid dirt, dust cobwebs or any milk residues build up.
- Any ladder is safe and well maintained for the driver to perform inspection.
- All rubber ware, including inflations must be regularly inspected and replaced if needed.
- The vat thermometer must be working and accurate to within 0.5°C, the readout measurement should be in degrees. Vat thermometer should be calibrated annually or inline with the manufacturers recommendations.



◆ Colostrum

Brownes does not collect colostrum or any other material intended for feeding calves. The Supplier must keep colostrum segregated from the milk supplied to Brownes and label vats used to store milk or colostrum intended for feeding calves as 'Not for collection'. The label must be positioned directly above the outlet valve on the vat for such time as the vat is used to store milk or colostrum intended for feeding calves.

Colostrum should be kept separate from normal milk in the main collection vat for a period of 8 milkings (i.e. 4 days from calving). Cows need to be carefully stripped prior to inclusion of their milk in the main vat to ensure no colostrum enters the Brownes processing chain.

8. Supplier Meetings and Communication

Brownes will, where reasonably practicable for it to do so, host Supplier meetings to keep Suppliers informed on business progress and the market situation and to provide an opportunity for Suppliers and management to meet. It is expected that Brownes will host meetings twice a year.

Brownes may communicate with Suppliers, including via Milk Income Estimates (an estimate of income based on Seasonal Pricing and forecasted volumes), Milk Statements (statements provided from MADCAP detailing amounts to be paid based on supply for a given period), Tanker Dockets (statements provided by the milk collection tanker detailing the date of collection, volume of milk, milk temperature and time of collection), email and internet access. Suggestions to improve communications are welcome and can be made by contacting the Milk Supply Manager.

Brownes may also conduct meetings from time to time as needs arise.

9. Records and Your Privacy

Brownes will keep records of Suppliers' supply history and payments for a period consistent with current tax office requirements. All records (including test results) are treated as accurate unless it can be proved to Brownes that the records are inaccurate or defective in some way.

Brownes will collect, use, store and disclose Suppliers' information, and where appropriate allow its related bodies corporate to use that information for:

- Business purposes;
- Collating its financial information;
- Meeting its legal obligations;
- Research;
- Administering its relationship with you; and
- For other purposes relating to the dairy industry.

All information is kept at appropriate premises by, or on behalf of, Brownes. Suppliers can access and correct their information by contacting the Milk Supply Manager.

10. Working Relationship

Brownes understands that it has a positive, working relationship with Suppliers. The relationship should be based on mutual respect and dignity, to promote a safe, positive and pleasant working environment for all. Brownes does not tolerate behaviour which constitutes intimidation, harassment, or which is offensive or abusive or which otherwise contributes to an unsafe working environment.

In turn Brownes' policies prohibit its employees from engaging in behaviour which constitutes intimidation, harassment, or which is offensive or abusive or which otherwise contributes to an unsafe working environment.

11. Animal Health and Welfare

Brownes Dairy believe that Animal Welfare is vital to all stakeholders of the dairy industry including, farmers, customers and processors. Brownes Dairy strongly supports the use of good animal management practices and requires suppliers to adopt high animal welfare standards.

Brownes Dairy supports the Australian dairy industry position on animal welfare. More information about the Dairy Australia animal welfare standards can be found at the below link.

<https://www.dairyaustralia.com.au/animal-management-and-milk-quality/approach-to-animal-welfare>

The Australian Dairy Farmers' Animal Health and Welfare Policy Advisory Group (PAG), comprising producer representatives from each state dairy farmer organisation, sets policy direction on animal health and welfare for the Australian dairy sector. Some recent policies directed by the Animal Health and Welfare Policy Advisory Group include:

- Phasing out calving induction by 2022
- Provision of pain relief for all calves during disbudding, which must occur under the age of 2 months
- No euthanasia of calves by blunt force trauma
- No tail docking.

12. Environment

Brownes is committed to understanding all environmental impacts in the Supply Chain and identifying the key areas for improvement. Suppliers should be able to show responsible practices and continuous improvement around environmental management. This includes Suppliers finding solutions to reduce both water and energy consumption, minimising waste and finding ways to reduce their GHG emissions.

13. Modern Human Slavery

At a minimum all Suppliers are expected to identify and assess all applicable Human Rights and Labour Standards, Laws and Regulations in which they operate their business and source materials and labour from. If at any time the Supplier becomes aware of Modern Slavery practices in their operations and supply chains used in the performance of their contractual obligations to Brownes, the Supplier must as soon as reasonably practicable inform Brownes and take all reasonable action to address or remove these practices, including where relevant by addressing any practices of other entities in its supply chains.

14. Tanker Access and Milk Collection

It is the responsibility of each Supplier to provide safe farm access to Brownes milk tankers or contractors, Milk Supply Manager, agents or representatives.

Suggested guidelines for the tanker access are shown below. Suppliers need to communicate directly with the Brownes Transport Manager to agree on collection times (unless collection times are specified by Brownes in accordance with the Brownes Australian Standard Terms and Conditions), and to help ensure prompt service and give 48 hours' notice before:

- Collection
- Material changes in milk quantities
- Special collections (being collections outside normal collection times) for vat maintenance and changes to milking times.

The minimum collection of milk is 400 litres per stop. A milk collection fee will be charged as set out in the Seasonal Pricing Letter.

The Supplier shall agitate the milk before collection. The tanker driver shall collect a representative sample while the tanker is being loaded (including to test for contamination as set out in the Exclusive Milk Supply Agreement). The tanker driver shall rinse the vat (or start the automatic wash) before leaving the property.

Suppliers must meet the following standards for milk tanker access:

- Provide a splayed entrance which complies with the rules in the local authority plan and is accessible by a truck and trailer without the vehicle having to cross the centre of the road when turning left into a farm road.
- Provide clear, all-weather road access from the farm entrance to the dairy, suitable for road-train tanker travelling at reasonable speed.
- Maintain a clear access from the road to the Supplier's dairy at all times.
- Keep roads free from obstructions at all times (e.g. waste, corrugations, potholes, trees, overhanging or fallen branches, buildings, vehicles, implements and stock).
- Roads must have a clearance of 4.25 metres, with one clear metre on each side of the road; have a 200 mm crown and drainage either side of the road; be fenced off and kept clean and well maintained.
- Roads must not be used as stock tracks or holding yards.
- Ensure that if its roadway is longer than 1 km a milk tanker can safely maintain a speed of up to 40km/hour.
- Ensure that if its roadway is shorter than 1km, a milk tanker can safely maintain a speed of up to 10km/hour.
- Ensure roads do not have corners on steep roadways which are so sharp that a milk tanker cannot corner safely.
- Ensure effluent from roadway crossings drains into the farm's effluent disposal system.
- Make every effort to ensure milk tankers do not need to reverse on farm.

- Ensure bridges or crossings are the same width as the road, preferably on a straight section of road and allow safe crossing by a fully laden milk tanker travelling at a reasonable speed. They must be built and maintained so that the milk tanker meets all legal requirements in using and maintaining the bridge or crossing.

Please note: if an event occurs which Brownes or its representatives or agents believe will affect the safety of a bridge or crossing, the Supplier must comply with requests from Brownes to have the bridge or crossing inspected by an authorised engineer. Brownes may refuse to use the bridge or crossing until a certificate has been issued confirming the safety of use of the bridge or crossing.



APPENDIX C

Brownes Contracted Farm Seasonal Price Letter Exclusive MSA

Updated minimum pricing schedule from 1 July 2022

A. Minimum Price Justification

The minimum price for the period is determined taking the following elements into account:

- The competitive environment in the key markets for the sale of Brownes Dairy products
- Prices being offered by other processors of milk in Western Australia and nationally
- The changes to input costs relating to dairy farming in Western Australia.
- The increased production of commodity type products in some months of the year.
- The quality adjustments reflect the benefit to Brownes Dairy and our customers of receiving higher quality milk and encourages suppliers to achieve the highest quality of milk.
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The minimum price and terms as set out in this EMSA are not subject to negotiation.

B. Seasonal Minimum Pricing Schedule for FY23, FY24 and FY25

The minimum milk prices (by month of delivery) for Grade 2 milk are shown in the table below. GST is not included and will be added to these payments and charges will be deducted, if applicable, as set out in this letter.

Minimum Milk Price per Litre of Milk
Standard Litre of Milk – Fat 3.8% and Protein 3.2%

Month	Base Rate (ex GST) Cents Per Litre	Fat CPL for every 0.01% over/under 3.8%		Protein CPL for every 0.01% over 3.2%/under 3.1%	
		Over	Under	Over	Under
Jul	61.0	+0.075	-0.075	+0.05	-0.05
Aug	61.0	+0.075	-0.075	+0.05	-0.05
Sep	50.0	+0.075	-0.075	+0.05	-0.05
Oct	52.0	+0.075	-0.075	+0.05	-0.05
Nov	54.0	+0.075	-0.075	+0.05	-0.05
Dec	68.0	+0.075	-0.075	+0.05	-0.05
Jan	74.0	+0.075	-0.075	+0.05	-0.05
Feb	74.0	+0.075	-0.075	+0.05	-0.05
Mar	74.0	+0.075	-0.075	+0.05	-0.05
Apr	70.0	+0.075	-0.075	+0.05	-0.05
May	67.5	+0.075	-0.075	+0.05	-0.05
Jun	67.5	+0.075	-0.075	+0.05	-0.05

C. Fat Adjustments

Fat Premiums/Deductions will be paid at 0.075CPL for every 0.01% over and above the 3.8% mass/mass Fat requirement or -0.075CPL deducted for every 0.01% below the 3.8% mass/mass Fat requirement (based on the average Fat percentage for the month).

D. Protein Adjustments

Protein Premiums will be paid at 0.05CPL for every 0.01% over and above 3.2% mass/mass (based on the average Protein percentage for the month).

Protein deductions, there will be a one cent per litre deduction applied to any Protein percentage that is below 3.1% mass/mass (based on the average for the month).

E. Quality Adjustment

The following quality premiums or deductions apply:

	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5
Total Plate Count (Average of tests per month)	10,000 or less	10,000 or less	>10,000 and not more than 20,000	>20,000 and not more than 50,000	>50,000
Somatic Cell Count (Average of tests per month)	150,000/mL or less	>150,000/mL and no more than 250,000/mL	>250,000/mL and no more than 400,000/mL	>250,000/mL and no more than 400,000/mL	>400,000/mL
Quality Premium/Deduction (CPL)	+3.00	0.00	-2.00	-10.00 Brownes also has a right to refuse to pay for Grade 4 Milk on the terms set out in the EMSA.	No payment by Brownes on the terms set out in the EMSA.

F. Milk Collection Fee

The volume charge is -3.0 CPL which is for the collection raw milk from farm to factory.

G. Sustainability

Plus Sustainability Incentive: This Sustainability Incentive is payable for those suppliers who have completed a baseline carbon footprint assessment on their farm and who share the results with Brownes Dairy.

Sustainability Incentive	
Completion of a baseline carbon footprint assessment, using a recognised calculator (e.g. DGAS).	
Completed and sent to Brownes Dairy	+0.5 CPL

Incentive only payable for the financial year in which the carbon assessment is completed and will commence from the month of completion of the assessment. If completed prior to 30 September, then the payment will be backdated to 1 July.

The carbon assessment is subject to verification and/or audit from Brownes Dairy or a nominated representative.

H. Statutory Levies

A levy is payable on dairy produce to provide funding for marketing, research and development carried out through Dairy Australia. A further component is used to fund the Animal Health Australia Program. The statutory levy is not subject to GST at the date of this letter.

Full details of the dairy levies can be found at

<https://www.awe.gov.au/agriculture-land/farm-food-drought/levies/rates#animal-products>

The following amounts are required to be deducted at the date of this letter, but are subject to change by the relevant authorities.

	Cents per kg Fat	Cents per Kg Protein
Total levies	2.9263	7.1299

I. Contaminated milk

Brownes Not Notified	Brownes Notified
Where contaminated milk (being milk which contains traces of antibiotics or blood), is collected, the contaminated milk will not be paid for by Brownes. Where the contaminated milk also contaminates other milk in the tanker into which the milk has been collected, the Supplier will also be charged, for any other milk in that tanker at a price which is calculated as the Seasonal Price plus 2 cents per litre, plus any costs incurred by Brownes in disposing of the milk and any other associated costs. The Supplier must pay this charge to Brownes upon notice from Brownes.	If Brownes is notified of contaminated milk (being milk which contains traces of antibiotics or blood) prior to collection: (a) Brownes will not collect the contaminated milk; (b) Other than as set out below, Brownes will not pay for the contaminated milk; (c) Brownes will pay for one consignment only of contaminated milk in each 12 month rolling period, at the price that would otherwise have been payable for that milk by Brownes including all adjustments as set out in the Seasonal Pricing Letter.

J. Herd Testing Rebate

Brownes shall pay the Supplier a rebate being the lower of 30% of the actual cost of herd testing per cow tested, or \$3.50 per cow tested (Herd Testing Rebate), subject to Brownes being satisfied that the herd testing costs have actually been incurred.