



Dairy for life

Winter Milk 2024 Fixed Milk Price

INFORMATION BOOKLET



Overview

The market for dairy commodities can be extremely volatile. This in turn creates volatility in our Farmgate Milk Price.

Fonterra farmers who supply milk in winter face a unique challenge around this. There is often a significant time gap from when decisions are made on farm to supply winter milk and the announcement of the opening forecast for the season.

All Winter Milk contract holders will be eligible to participate in the first ever Winter Milk Fixed Milk Price programme. We will be trialling this new offering as an option to help you get milk price certainty for a portion of your milk for the 2024/25 season.

We have kept it simple by building in an extra application window in February 2024 using the existing Fixed Milk Price system, with a Fixed Milk Price contract volume specifically for Winter Milk contract holders. Winter Milk Fixed Milk Price is an extension of the Fixed Milk Price programme and hence the terms are the same, however the application rules are a bit different.

Key differences to the application rules from the standard Fixed Milk Price tool are:

- Only Winter Milk Contract holders will be eligible to participate in the new February Fixed Milk Price programme.
- How much you can apply for is limited to the amount of your winter milk contract quota.
- The application window will be open for five days.

Benefits



Certainty

You can budget and forecast more accurately in an uncertain and volatile milk price environment.



Simplicity

Fixed Milk Price is designed to be a simple tool in the financial toolkit for you to use when it suits your business.



Ease of application

Applications can be completed online on your mobile or desktop, using your existing login at: www.nzfarmsource.co.nz.

Benefits to Fonterra

Supports farmers

- Fixed Milk Price is part of a number of financial tools to assist current farmers and the next generation of farmers.
- Providing farmers with simple solutions gives them greater choice and flexibility to run their farm based on their own needs, while at the same time supporting the Co-op.

Supports our customers

- The Fixed Milk Price programme not only helps farmers manage risk, it also enables Fonterra to provide price risk management solutions to our customers.
- Customers all over the world buy these and use them to bring certainty to their businesses and to give them the confidence to innovate and launch new products.

Supports our Co-op

- These solutions are important to customers and a key reason that they prefer Fonterra as a supplier.
- Products sold with price risk management solutions also tend to attract higher margins, which can provide a benefit to all shareholders.



Important information

Winter Milk Fixed Milk Price is a financial tool you can use to fix the price for a portion of your milk supply to help provide income certainty for the season.

A fixed milk price may be higher or lower than the final Farmgate Milk Price for the 2024/2025 season. Speak to your financial advisor or accountant about the best strategy for you and your farm.

For more information on Fonterra's existing Fixed Milk Price tool, please refer to the Fixed Milk Price booklet [here](#).

How it works

Who can apply?

All Winter Milk contract holders excluding Organic Winter Milk contract holders are eligible.

How is the price determined?

The Winter Milk Fixed Milk Price offering is based off the average daily settlement price of Milk Price Futures market for the two days following the first GDT event of February. The price and volume available for this event will be emailed to you on the 9 February.

How much can I apply for?

If eligible, you can apply to fix up to 100% of your winter milk contracted quota volume (max) and a minimum of 1,000 kgMS.

The total volume available for the event will be published when the price is announced. Similar to the standard Fixed Milk Price tool that we've had in place for the past few years, if there is an oversubscription, applications will be pro-rated.

When can I apply?

The application window opens Friday 9 February and closes Tuesday 13 February 2024 (following the first GDT event in February). You will receive confirmation of the status of your application on Friday 16 February 2024, after the application window.

Is Winter Milk FMP applied to all my winter milk supply?

No. Your winter milk contract provides you eligibility to this February event but does not apply directly to your winter milk contracted supplied milk solids. Whether you are in the South Island or North Island, the Winter Milk Fixed Milk Price will apply to milk supplied from 1 June onwards. It does not apply to milk supplied in May 2024. While there are tolerances to your Winter Milk contract that allows you to supply over your quota volume, this does not apply to Winter Milk Fixed Milk Price.

How will payments work?

Payments will be made under Fonterra's standard advance rate schedule up to the Winter Milk Fixed Milk Price, the same as Fixed Milk Price tool does currently.

There is no change to the Winter Milk premium and how this is paid. You will continue to receive your Winter Milk Premium premium in the same way as you do today.

As per the current Fixed Milk Price tool, there is a 10 cents per kgMS service fee for every kgMS fixed. This is deducted in two instalments, 5 cents per kgMS fixed in January 2025 paid February 2025, and another 5 cents per kgMS fixed in February 2025 paid March 2025.

It is important to note, that all other adjustments are unchanged and will still apply such as fat and protein ratio, volume adjustment and The Co-operative Difference. 10 cents will be reserved from the last payment for FMP milk solids for The Co-operative Difference payment. At the end of the season, once the Co-op's The Co-operative Difference achievement has been finalised, the final advance rate will be updated, and payment is made in September.

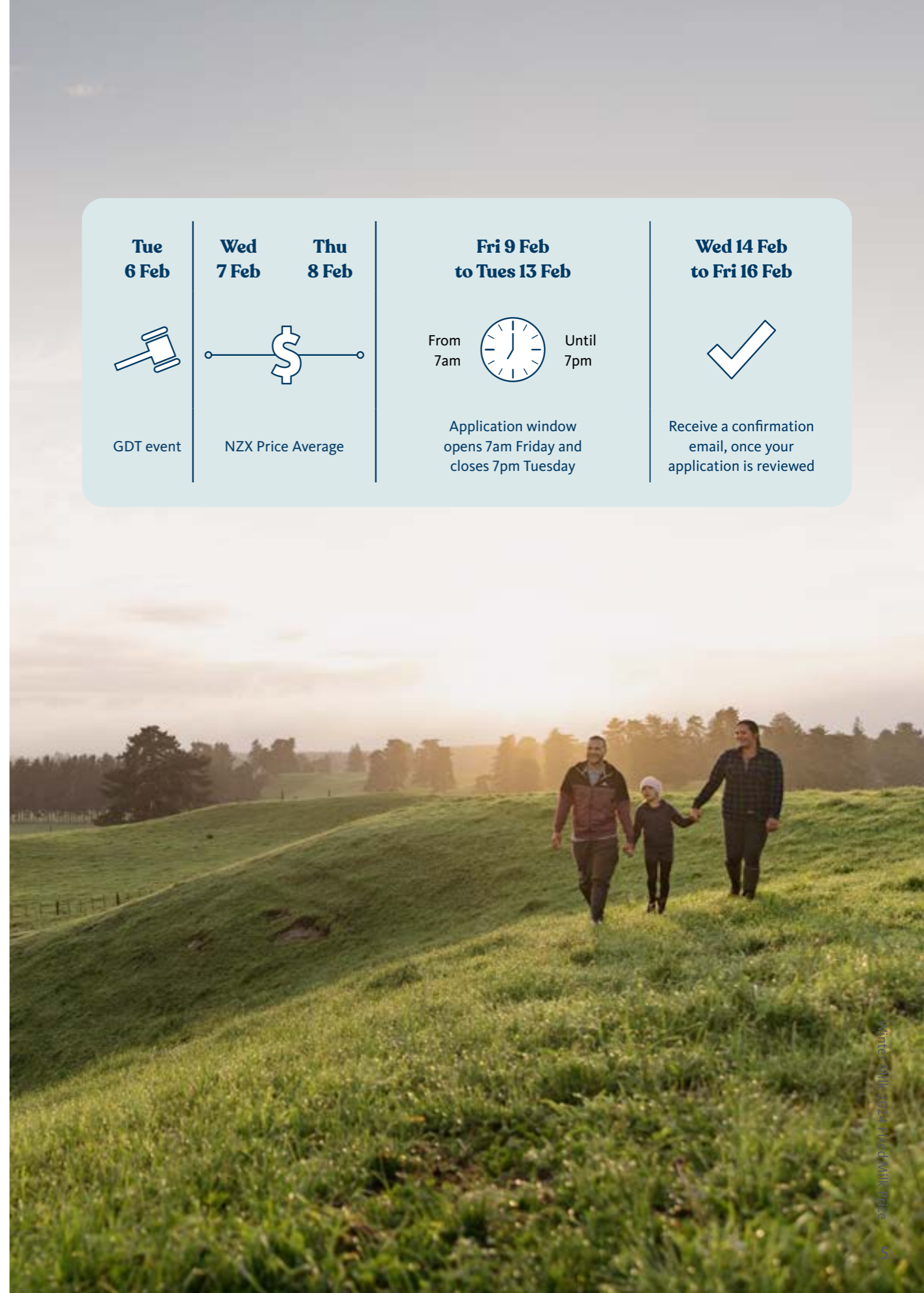
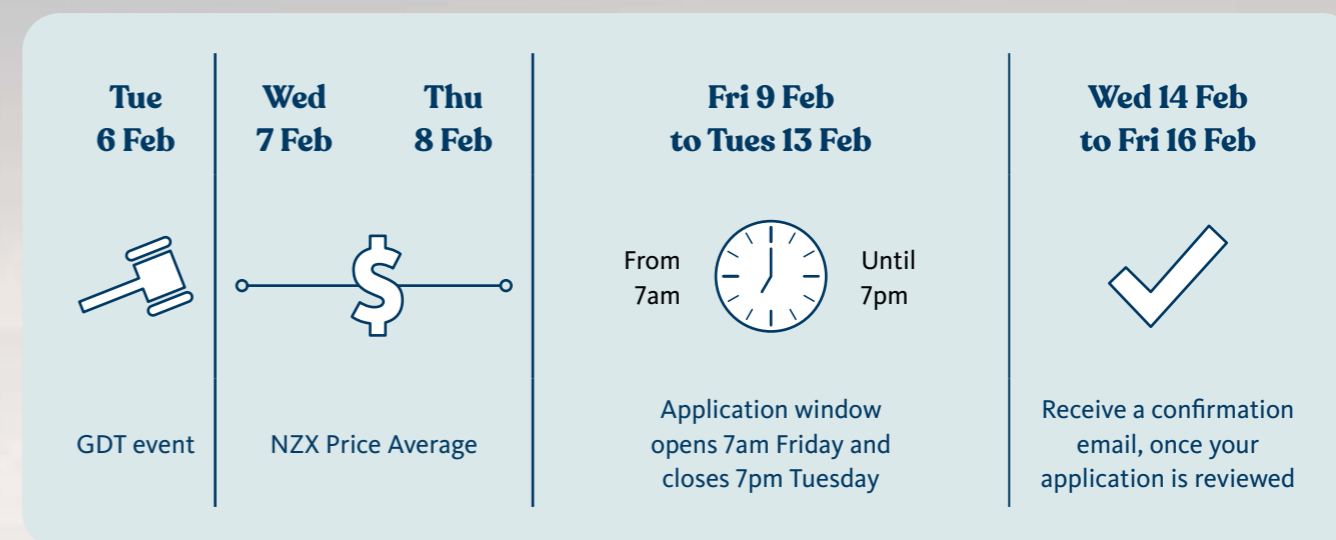
Can I still apply for FMP during the season?

Farmers who participate in the Winter Milk Fixed Milk Price offering will still be able to participate in the standard FMP offering as long as they do not exceed the total limit of 50% of their season's production.

How can I apply?

Similar to the standard Fixed Milk Price tool that we've had in place for the past few years, you can apply online via the Farm Source website nzfarmsource.co.nz/fmpform.

Select "Apply for Fixed Milk Price."



Winter Milk 2024

Fixed Milk Price Rules

1. INTRODUCTION

- 1.1 These rules apply to applications for the supply of milk at a Fixed Milk Price (“**FMP**”) under a Winter Milk (“**WM**”) FMP Agreement during the Season (each, an “**Application**”).
- 1.2 In the event of any inconsistency between these rules and anything contained in the WM FMP Booklet, these rules (and any WM FMP Agreement with you made pursuant to these rules) will prevail. The Winter Milk Fixed Milk Price Terms prevail over these rules in the event of any inconsistency.

2. ELIGIBILITY

- 2.1 To be eligible to submit an Application you must have a Winter Milk Contract to supply milk to Fonterra for the Winter Milk 2024 season and you must not:
- have a contract with Fonterra for the supply of fully certified organic milk by the supply number in respect of which you are making any Application;
 - be a sharemilker or contract milker on the farm with the supply number in respect of which you are making any Application;
 - be a director of Fonterra, or an Associated Person of a director of Fonterra; and
 - have an arrangement in place with Fonterra to pay each month a fixed dollar amount to your sharemilker or contract milker from your monthly milk payment, throughout the duration of any WM FMP contract that your farm and entity are a party, e.g. a fixed payment of \$1,000 to a contract milker each month (this does not include fixed amounts per kgMS arrangements eg. \$1.20 per kgMS arrangements).
- 2.2 Fonterra has the absolute and final discretion to determine who is eligible to submit an Application.

3. APPLICATION PROCESS

- 3.1 Fonterra may invite Applications in February 2024.
- 3.2 Where Fonterra invites Applications:
- Fonterra will publish the Winter Milk Volume available and the WM Fixed Milk Price on Farm Source Online on Friday 9 February following the first Global Dairy Trade event in February 2024.
 - You may submit an Application on Farm Source Online at any time during the period opening 7am on Friday 9 February following the first Global Dairy Trade event in February 2024, and closing 7pm on Tuesday 13 February (the “**Application Period**”).
 - You can only amend or withdraw your Application by notifying Fonterra through Farm Source Online before the end of the Application Period.
 - You can only submit one Application per supply number for the Period.
- 3.3 The quantity of milksolids that you offer for each supply number for the Application cannot be less than 1,000kgMS (“**Minimum Quantity**”). It cannot exceed 100% of your total Winter Milk contract quota amount (“**Maximum Quantity**”), nor a quantity that would result in your total Fixed Quantity for the Season being more than 50% of your estimated production for the Season for that supply number.
- 3.4 If Fonterra accepts an Application in accordance with clause 5, a binding FMP Agreement on the Winter Fixed Milk Price Terms will be formed in relation to the relevant supply number for the Fixed Quantity on the date of such acceptance or such other date specified by Fonterra. You will be bound by, and deemed to have accepted, the Winter Fixed Milk Price Terms on and from such date.

4. FIXED MILK PRICE AND FMP SERVICE FEE

- 4.1 For the Fixed Quantity, you will be paid the Fixed Milk Price, subject to:
- the FMP Service Fee; and
 - any fees and adjustments made in accordance with the Fonterra Farmers’ Terms of Supply, any Supply Agreement you may have, or the Constitution.

5. ACCEPTANCE OF APPLICATIONS

- 5.1 Fonterra’s communications about the Winter Fixed Milk Price programme are not offers, but are merely invitations to apply for a WM FMP Agreement in that month. A WM FMP Agreement will only be formed with you if and to the extent Fonterra expressly accepts one or more of your Applications (in part or in full) through Farm Source Online in writing.
- 5.2 Subject to clauses 5.4 and any adjustments made by Fonterra pursuant to clause 3.3, if the total quantity of milksolids offered by all eligible applicants is:
- less than the Winter Milk Volume, Fonterra will accept all Applications; or
 - equal to or greater than the Winter Milk Volume, Fonterra will accept all milksolids offered on a pro-rata basis (by reducing each offered quantity by the same percentage so that the aggregate quantity of milksolids accepted is equal to the Winter Milk Volume).
- 5.3 All milksolids offered for the Winter Milk Fixed Price programme but not accepted will be declined for the Winter Milk Fixed Price Programme.
- 5.4 In addition to any other powers and discretions Fonterra has pursuant to these rules, Fonterra may, at its discretion:
- at any time withdraw its invitation for Applications and decline any or all Applications that have been received;

- at any time increase or decrease the total quantity of milksolids it has advised is available under WM FMP Agreements;
- change any time or date, or suspend or cancel the Fixed Milk Price programme at any time before Applications are accepted;
- amend these rules at any time on prior notice to you;
- waive any irregularities or informalities in an Application, including waiving any eligibility criteria applicable to the submission of any one or more Applications;
- reject any or all Applications; and
- accept any Application in whole or part, at any time outside the Application Period.

6. ACKNOWLEDGEMENTS AND WARRANTIES

- 6.1 By submitting an Application, you acknowledge and agree that:
- you have had the opportunity to consult with a rural professional or financial advisor;
 - you do not rely on any representation or warranty (express or implied) by Fonterra or any person associated with Fonterra;
 - you accept these rules and the Fixed Milk Price Terms set out in the WM FMP Booklet;
 - your Application may not be accepted, or may be accepted as to only part of the quantity of milksolids to that you offer in your Application;
 - if your Application is accepted:
 - you will be required to supply the Fixed Quantity to Fonterra during the 2024/2025 season and you may be required to pay compensation to Fonterra if you fail to do so;

- ii. you will receive the Fixed Milk Price for the Fixed Quantity that you supply, subject to the FMP Service Fee and any adjustments made in accordance with the Fonterra Farmers' Terms of Supply, any Supply Agreement you may have or the Constitution;
 - iii. if the final Farmgate Milk Price exceeds the Fixed Milk Price you will forgo any uplift or additional payments in respect of the supply of your Fixed Quantity;
 - iv. if you wish to reduce your Fixed Quantity you may only do so at specified times, subject to minimum limits, and you will be required to pay a fee to Fonterra as set out in the Fixed Milk Price Terms;
 - v. you may not amend or withdraw your Application if it is accepted for only part of the quantity of milksolids you offered;
 - vi. Fonterra may collect and use any information from or about you to operate the Fixed Milk Price programme, and may contact you about your Application; and
 - vii. you agree that Fonterra may notify any sharemilker or contract milker on your supply number that a Fixed Milk Price Application has been accepted.
- 6.2 By submitting an Application, you warrant to Fonterra that you are a supplier to Fonterra and are eligible to participate in terms of clause 2.1, or a duly authorised agent of the person or persons eligible to participate (including one joint owner, one partner or one trustee or by an authorised person for a company).
- 6.3 You must not directly or indirectly provide any form of inducement or reward to any representative of Fonterra in relation to the Fixed Milk Price programme.

7. FONTERRA'S DISCRETIONS

- 7.1 By submitting an Application, to the fullest extent permitted by law, you acknowledge and agree that:
- a. Fonterra has reserved to itself certain rights and discretions in these rules and that you assume, at your sole cost, the risk that Fonterra may at any time exercise any of these rights and discretions;
 - b. you shall not have any rights and further waive any rights you may have against Fonterra, or any other person, arising from the exercise by Fonterra of its rights and discretions; and
 - c. you will not make any claim, bring any action, or otherwise seek to recover from Fonterra, or any person associated with Fonterra, any of the costs incurred by you in respect of your Application or any lost expectation of profits or other benefits which you may expect to accrue from any acceptance of your Application.
- 7.2 New Zealand law governs these rules. The New Zealand Courts have exclusive jurisdiction.

8. GLOSSARY

Application has the meaning given in clause 1.1.

Application Period has the meaning given in clause 3.2(b).

Associated Person means in relation to a director:

- a. an incorporated or unincorporated body in which the director holds or controls a voting or ownership interest, or of which the director is a director, officer, or equivalent; or
- b. a trustee of any trust of which the director is a trustee or beneficiary; or
- c. a spouse or de facto partner of the director.

Constitution means the constitution of Fonterra, as amended from time to time.

Farm Source Online is the farmer portal available to farmers at nzfarmsource.co.nz.

Farmgate Milk Price means the Milk Price determined by the board of Fonterra in accordance with the Constitution.

FMP Service Fee means Fonterra's service fee of 10c per kgMS of Fixed Quantity plus GST for the FMP service.

Fonterra means Fonterra Co-operative Group Limited.

Fonterra Farmers' Terms of Supply means the standard terms and conditions of supply applicable from time to time to the supply of milk to Fonterra by Shareholders.

Fixed Milk Price (or FMP) means in respect of a month, the price per kgMS calculated by taking the simple average of the daily settlement price of the SGX-NZX NZ Milk Price (MKP) Futures contract for up to three days following the first Global Dairy Trade event for that Month.

Fixed Quantity means the quantity of milksolids offered by you in respect of a month at the Fixed Milk Price and that has, subject to any adjustments made by Fonterra pursuant to these rules, been accepted by Fonterra.

WM FMP Agreement means an agreement made between you and Fonterra under which you agree to supply, and Fonterra agrees to purchase, the Fixed Quantity at the Fixed Milk Price during the 2024/2025 season, subject to the Winter Milk Fixed Milk Price Terms.

WM FMP Booklet means the Winter Milk 2024 Fixed Milk Price Booklet provided to suppliers and available on Farm Source Online which contains information in respect of Winter Milk 2024 Fixed Milk Price.

Winter Milk Contract means a contract between you and Fonterra that provides a contracted premium for the supply of a daily quota of milksolids during the Period.

Winter Milk Fixed Milk Price Terms means the terms and conditions of the WM FMP Agreement, a copy of which are set out in the WM FMP Booklet.

Winter Milk Volume means the total volume of milksolids available for supply by suppliers under WM FMP Agreements during the season, published by Fonterra on Farm Source Online in accordance with clause 3.2.

Period means the entire period under a Winter Milk Contract that you are contracted to provide milk to Fonterra during Winter Milk 2024, being 16 May – 15 July 2024 for North Island Winter Milk Contract holders, and 1 June – 31 July 2024 for South Island Winter Milk Contract holders.

Supplier means a supplier of milk to Fonterra.

Supply Agreements means the Fonterra Farmers' Terms of Supply and/or any other terms of supply you have agreed with Fonterra.

You or your means a person who has registered its interest in making an Application and, where more than one person or an entity is registered as the supplier or named as the applicant to become a supplier, means the person who has been validly registered for that purpose.

Words and phrases that are not defined in these rules, but are defined in the Constitution, have the meanings given to them in the Constitution.

Winter Milk 2024

Fixed Milk Price Terms

If your offer to supply to Fonterra a fixed quantity of milksolids at the Fixed Milk Price has been accepted by Fonterra in accordance with the Winter Milk 2024 Fixed Milk Price Rules, you are a party to a binding legal agreement on the terms set out in these Winter Milk 2024 Fixed Milk Price Terms.

1. FIXED MILK PRICE PAID FOR FIXED QUANTITY

1.1 Fixed Quantity: During the Season you agree to supply to Fonterra from the Farm Dairy not less than the Fixed Quantity.

1.2 Fixed Milk Price: You agree you will be paid, and Fonterra agrees to pay you, the Fixed Milk Price less the FMP Service Fee, (and subject to any fees or adjustments made in accordance with the Fonterra Farmers' Terms of Supply, and Supply Agreement you may have, or the Constitution) for the Fixed Quantity as set out in this clause 1. You acknowledge that:

- the Fixed Milk Price may be less than, or more than, the amount that Fonterra has agreed to pay you under your Supply Agreements for your milksolids;
- you will receive the Fixed Milk Price as the base amount for the Fixed Quantity and not the Final Farmgate Milk Price or any other base amount agreed to be paid under your Supply Agreements; and
- the FMP Service Fee will be deducted in accordance with clause 1.5.

1.3 Allocation of Milk for payment purposes: The milk you supply to Fonterra during the Season will be allocated first towards satisfaction of your Fixed Quantity for payment in accordance with clause 1.2 and, once you have supplied that Fixed Quantity, Fonterra will pay you for any additional milk you supply to Fonterra first, under any FMP Agreement for a subsequent month of participation during the Season, and second in accordance with your Supply Agreements.

1.4 Payment: The Fixed Milk Price less the FMP Service Fee will be paid in accordance with, and subject to the procedure set out in, the Fonterra Farmers' Terms of Supply. Interim credits credited to your account as part payment for the Fixed Quantity will be paid in accordance with Fonterra's advance rate schedule as follows:

- If the Fixed Milk Price is above the Farmgate Milk Price, you will be paid in accordance with the advance rate schedule and the difference will be paid in the October retro payment.
- If the Fixed Milk Price is below the final Farmgate Milk Price, you will be paid in accordance with the advance rate schedule until an amount equal to the adjusted base advance rate is reached. The adjusted base advance rate means the Fixed Milk Price, less the difference between the Farmgate Milk Price and the October retro payment listed in the advance rate schedule. For example, if the Fixed Milk Price is \$6.00, the Farmgate Milk Price is \$7.00 and the October retro payment is \$6.70, then the difference is \$0.30, so the adjusted base advance rate is \$6.00 less \$0.30, or \$5.70.

Payments on account of the Fixed Milk Price will be credited to (a) your supplier's account with Fonterra; and (b) where you have instructed Fonterra to act as your agent, a percentage to your sharemilker and/or contract milker in accordance with your instructions.

1.5 FMP Service Fee: Fonterra will deduct the FMP Service Fee in two instalments (half in January and half in February) before making payments in accordance with clause 1.4.

1.6 Other payments and deductions: The Fixed Milk Price does not include any premium, discount or adjustment (including any premium, discount or adjustment relating to specialty milk, contract winter milk, winter milk, contract milk (including the contract fee), fat/protein composition, volume adjustment or demerit point payment deduction) which shall be credited to or deducted from your account in accordance with the Supply Agreements.

2. REQUEST TO REDUCE FIXED QUANTITY

2.1 Notice to reduce: During the Notice Period you may notify Fonterra that you would like to reduce the Fixed Quantity (a "Notice to Reduce"). If you give a Notice to Reduce you will be required to make a payment to Fonterra in accordance with clause 2.2. The reduced Fixed Quantity specified in your Notice to Reduce must not be less than the quantity of milk already supplied by you during the Season.

The reduction in the Fixed Quantity will not take effect until you have paid the applicable fee required under clause 2.2.

2.2 Fee to reduce Fixed Quantity: If you give a Notice to Reduce under clause 2.1 then you agree to pay Fonterra:

- if the Market Price at the time a Notice to Reduce is given is more than the Fixed Milk Price, an amount equal to the greater of:
 - the difference between that Market Price and the Fixed Milk Price, multiplied by the number of kilograms of Milksolids by which the Fixed Quantity is to be reduced, as specified in the Notice to Reduce (the "Milk Price Change") plus

15% of the Milk Price Change (plus GST (if any)); or,

ii \$250 (plus GST (if any)).

- if the Market Price at the time a Notice to Reduce the Fixed Quantity is given is the same as or less than the Fixed Milk Price, \$250 (plus GST (if any)).

Fonterra shall be entitled to set-off any amounts payable to Fonterra under this clause 2.2 from any amounts payable by Fonterra to you.

2.3 Notices: A Notice to Reduce must be given to Fonterra by email: sharesandpayments@fonterra.com

2.4 Transfer of Fixed Quantity: Instead of reducing your Fixed Quantity under clause 2.1, you may apply to assign a FMP Agreement or part of your Fixed Quantity under clause 4. The payments in clause 2.2 do not apply in the event that you assign a FMP Agreement or part of your Fixed Quantity in accordance with clause 4. You will be liable, however, along with the assignee, for liquidated damages under clause 3 if the assignee fails to supply the Fixed Quantity.

3. CONSEQUENCES OF FAILING TO SUPPLY THE FIXED QUANTITY

3.1 Supplier's breach: Subject to clause 3.2, if you fail to supply the Fixed Quantity in the Season to Fonterra then you agree to pay Fonterra by way of liquidated damages an amount equal to the difference between the Final Farmgate Milk Price and the Fixed Milk Price (if the final Farmgate Milk Price is more than the Fixed Milk Price) multiplied by the number of kilograms of Milksolids shortfall in the Fixed Quantity ("the Shortfall Charge") plus 15% of the Shortfall Charge. You acknowledge and agree that such liquidated damages are proportionate to, and have been calculated so as to protect, Fonterra's legitimate commercial interests that would be impacted by

your failure to comply with clause 1.1. Fonterra shall be entitled to set-off any amounts payable to Fonterra under this clause 3.1 from any amounts payable by Fonterra to you.

- 3.2 Rights not applicable:** Fonterra's rights under clause 3.1 shall not apply:
- a. if the Final Farmgate Milk Price is less than or equal to the Fixed Milk Price; or
 - b. to any failure to supply milk that Fonterra has agreed is the result of an event which is beyond your reasonable control.
- 3.3 You acknowledge that you will be liable under clause 3.1 if your failure to supply the Fixed Quantity is due to you exercising your entitlement under section 108 of the Dairy Industry Restructuring Act 2001 to supply another company.
- 4. ASSIGNMENT**
- 4.1 **Your rights to assign:** Subject to clause 4.2, you may, with Fonterra's prior written consent, but not otherwise:
- a. assign or otherwise dispose of all or any of your rights or obligations under, or in connection with, a FMP Agreement; or
 - b. sell or transfer your Farm Dairy (including rights under or in connection with a FMP Agreement).
- 4.2 **Once only:** You may only seek Fonterra's consent pursuant to clause 4.1 on one occasion during the Season.
- 4.3 **Conditions:** Any consent given by Fonterra for the purposes of clause 4.1 may be subject to such conditions as Fonterra considers appropriate.
- 4.4 **Notification:** Fonterra will notify you in writing within 30 days of receipt of your request for consent under clause 4.1, whether or not it consents to the assignment or change in ownership of your Farm Dairy.

4.5 **Fonterra's rights to assign:** Fonterra may assign, transfer or otherwise dispose of (including by way of novation) all or any of its rights and interests in, and/or all or any of its obligations or liabilities under, or in connection with, or arising out of, a FMP Agreement to any person at any time without notice.

5. TERMS OF SUPPLY

- 5.1 **Supply:** You acknowledge that you supply to Fonterra all milk produced on your Farm Dairy located at your supply number subject to the requirements of the Dairy Industry Restructuring Act 2001, the Constitution, and the Supply Agreements you have with Fonterra.
- 5.2 **Variation of supply terms:** You acknowledge and agree that a FMP Agreement varies the terms of your Supply Agreements with Fonterra which shall, except to the extent varied by the FMP Agreement, continue to apply. To the extent that there is any conflict or inconsistency between the terms of a FMP Agreement and the terms of your Supply Agreements, the terms of the FMP Agreement will prevail.
- 5.3 **Liability capped:** Fonterra's total aggregate liability (if any) in respect of any breach by Fonterra of your FMP Agreement will be limited to an amount equal to the aggregate value of the Fixed Milk Price for the Fixed Quantity in that FMP Agreement. b

5.4 **Liability Excluded:** Except as set out in clause 5.3 above, neither Fonterra nor any person associated with Fonterra will be liable (in contract or tort, including negligence, or otherwise) for any direct or indirect damage, loss (including loss of profits, business, or opportunity) or cost (including legal costs) to you or any other person in relation to the Fixed Milk Price programme or any Application or FMP Agreement, including without limitation any damage, loss or cost which arises in connection with any delay or non-performance by Fonterra resulting from matters beyond its reasonable control.

5.5 **Commercial Agreement:** This is a commercial agreement. To the fullest extent permitted by law, each of the parties excludes any and all liability to the other under the Consumer Guarantees Act 1993 and sections 9, 12A, 13 and/or 14(1) of the Fair Trading Act 1986, and agree that it is fair and reasonable to be bound by this term of the agreement.

5.6 **New Zealand law:** New Zealand law governs a FMP Agreement. The New Zealand Courts have exclusive jurisdiction.

6. SEVERABILITY

6.1 **Severability:** If any part of a FMP Agreement is held by any court or administrative body of competent jurisdiction to be illegal, void or unenforceable, such determination shall not impair the enforceability of the remaining parts of a FMP Agreement.

7. WAIVER

7.1 **Waiver:** No delay, failure or forbearance by a party to exercise (in whole or in part) any right, power or remedy under, or in connection with, a FMP Agreement will operate as a waiver of such right, power or remedy. A waiver of any breach of any provision of a FMP Agreement shall not be effective unless that waiver is in writing and is signed by the party against whom that waiver is claimed. A waiver of any breach shall not be, or be deemed to be, a waiver of any other or subsequent breach.

8. NOTICES

8.1 **Notices:** Fonterra may rely on the written instructions of an individual duly authorised to communicate with Fonterra in relation to the applicable Farm Dairy through an online form on the Farm Source website. Without limiting any method of serving notices in law, you agree that Fonterra may direct notices and communicate with you in relation to an Fixed Milk Price application or FMP Agreement by electronic means.

9. DEFINITIONS

9.1 **Defined Terms:** In these Terms, unless the context requires otherwise.

Constitution means the constitution of Fonterra, as amended from time to time.

Farm Dairy means your farm dairy identified by the supply number specified in the Schedule of the FMP Agreement.

Final Farmgate Milk Price means the final Farmgate Milk Price for the season determined by the board of Fonterra in accordance with the Constitution.

Fixed Milk Price (FMP) means the price per kgMS of Fixed Quantity specified in the Schedule of a FMP Agreement, calculated by taking the simple average of the daily settlement price of the NZX Milk Price Futures contract for (up to) three days following the first Global Dairy Trade event in a month.

FMP Agreement means an agreement made between you and Fonterra (comprising the Rules, these Terms and the Schedule sent to you when your application was accepted by Fonterra), under which you agree to supply, and Fonterra agrees to purchase, a Fixed Quantity at the Fixed Milk Price, pursuant to the Winter Milk 2024 Fixed Milk Price Rules.

FMP Service Fee means the fee Fonterra charges for the FMP service from time to time, as published on nzfarmsource.co.nz website.

Fixed Quantity means the quantity of milk specified in the schedule of the FMP Agreement, as adjusted from time to time pursuant to clauses 2.1 and 4.1 of these Terms.

Market Price means the daily settlement price of the SGX-NZX NZMilk Price (MKP) Futures contract, on a given day.

Notice Period means the 5 business day period following the end of the calendar week in which Fonterra accepted your offer to supply the Fixed Quantity at the Fixed Milk Price on the terms set out in these Terms.

Rules means the Winter Milk 2024 Fixed Milk Price Rules which apply to applications for the supply of milk at a Fixed Milk Price under a Winter Milk FMP Agreement.

Schedule means the FMP Agreement particulars (including the supply number, month of participation, Fixed Milk Price, and Fixed Quantity) sent to you along with these Terms when your application was accepted by Fonterra, in accordance with the Rules.

Season means the season commencing on 1 June 2023 and ending on 31 May 2024.

Fonterra Farmers' Terms of Supply means the standard terms and conditions of supply applicable from time to time to the supply of milk to Fonterra or My Milk (as applicable). For the avoidance of doubt, specialty milks are supplied subject to special terms of supply that either replace or apply in addition to the Fonterra Farmers' Terms of Supply, as set out in any specialty milk contract you have agreed with Fonterra.

Supply Agreements means the Fonterra Farmers' Terms of Supply and/or any other terms of supply you have agreed with Fonterra.

Terms means these Winter Milk 2024 Fixed Milk Price Terms.

You or your means the person named as party to the FMP Agreement in the Schedule, being a supplier of Fonterra who has made an application in accordance with the Winter Milk 2024 Fixed Milk Price Rules.

9.2 Other definitions: Words and phrases that are not defined in a FMP Agreement, but are defined in the Fonterra Farmers' Terms of Supply, shall have the meanings given to them in that document.

9.3 Interpretation: In the interpretation of a FMP Agreement, unless the context requires otherwise:

- a. the singular in all cases includes the plural and vice versa;
- b. headings are inserted for convenience only and shall not affect the interpretation of a FMP Agreement;
- c. a reference to "including" or similar words includes a reference to "without limitation".





nzfarmsource.co.nz

2024 © Fonterra Co-operative Group Limited.
™ All trademarks belong to the Fonterra Group of Companies.