

PAYMENT POLICY

1. General principles

1.1 This policy governs:

- (a) the payment of fees to MX by an End User for use of the Milk Exchange;
- (b) where the End User is a Buyer, the payment of fees to a Seller by End User for a sale of Dairy Product under a Contract;
- (c) the remittance to the Seller of the Seller's proceeds from a sale of Dairy Product under a Contract; and
- (d) the payment of fees to MX for any Collection, Testing and Delivery Services, RCTI Services or other services provided by MX to an End User.

1.2 Where the Buyer has appointed MX to provide RCTI Services, the Buyer and the Seller must provide a copy of the compiled Contract to MX as soon as is reasonably practical after execution of same, so that MX may calculate all Fees payable in accordance with this Payment Policy.

1.3 Unless separately defined in this Payment Policy, capitalised words and phrases adopt the meaning given to them in the Milk Exchange Terms.

2. Transacting on the Milk Exchange

2.1 MX charges a fee to the Buyer or Seller for use of the Milk Exchange calculated in accordance with 3.1 of this Payment Policy (the **Milk Exchange Fee**).

2.2 Information about applicable fees and charges is published on the Milk Exchange. Fees are subject to change from time to time.

3. Fees

3.1 Milk Exchange Fee

- (a) Where the Contract is for the supply of Farm Milk, the Buyer must pay to MX the Milk Exchange Fee for use of the Milk Exchange.
- (b) Where the Contract is for the supply of Dairy Product other than Farm Milk, the Seller must pay to MX the Milk Exchange Fee for use of the Milk Exchange.
- (c) The Milk Exchange Fee payable by an End User will be calculated as a percentage of the Contract Price.
- (d) The Milk Exchange Fee for each Dairy Product will be published and updated by MX from time to time on the Milk Exchange website.
- (e) As at the date of this Payment Policy, the Milk Exchange Fee for each Dairy Product is set out in Attachment 1.
- (f) The Milk Exchange Fee will be payable on the Commencement Date. If there is more than one delivery, the Milk Exchange Fee will be apportioned over the Term and payable in equal amounts on the Commencement Date and monthly thereafter.

3.2 Dairy Product Payment

- (a) The Buyer must pay to the Seller the Dairy Product Price for the Dairy Product supplied to the Buyer under a Contract.
- (b) The Buyer and the Seller will set the Dairy Product Price for the Quality Standards to be supplied under a Contract according to the process described in the Milk Exchange Terms.
- (c) The Seller acknowledges and agrees that the Dairy Product Price is subject to adjustment in accordance with clause 8 below.

3.3 Collection Fees

- (a) If applicable, the Buyer must pay the Collection Fees for collection and delivery of the Dairy Product by MX described in the Collection, Testing and Delivery Policy in accordance with this Payment Policy.

- (b) Collection Fees will be agreed between MX and the Buyer in writing.

3.4 Testing Fees

- (a) If applicable, the Buyer must pay the Testing Fees as described in the Collection, Testing and Delivery Policy in accordance with this Payment Policy.

- (b) Testing Fees will be agreed between MX and the Buyer in writing.

3.5 RCTI Fees

- (a) If applicable, the Buyer must pay the RCTI Fees in accordance with this Payment Policy.

- (b) RCTI Fees will be agreed between MX and the Buyer in writing.

3.6 Fees for Other Services

If applicable, and if MX is performing any ancillary services on behalf of the Buyer, there may be other fees which are chargeable to the Buyer by MX which will be notified by MX to the Buyer in writing.

4. Tax Invoices

4.1 MX will issue a tax invoice to an End User for the Milk Exchange Fee payable to MX in accordance with clause 3.1 of this Payment Policy.

4.2 For each Contract for the supply of Farm Milk, the Buyer, or MX where the Buyer has appointed MX to provide RCTI Services, will issue a monthly RCTI on behalf of the Seller for the supply of Dairy Product under a Contract for the calendar month preceding the month in which the RCTI is issued.

4.3 For each Contract other than for the supply of Farm Milk, the Seller will issue a tax invoice to the Buyer for the supply of Dairy Product under a Contract within 7 days of Collection where there is a single Collection, or at the end of each calendar month.

4.4 If applicable, MX will issue a monthly tax invoice to the Buyer for Collection Fees, Testing Fees, RCTI Fees or other services in accordance with clause 3 of this Payment Policy.

4.5 Invoices issued under this clause 4 will include all information required for the Buyer to comply with the terms of this Payment Policy and will be addressed to the Buyer's Authorised Representative.

5. Bank Account

5.1 The End User must pay all Fees specified in a Tax Invoice via the payment method specified in the Tax Invoice.

6. Invoicing terms

6.1 The End User must pay Tax Invoices issued in any given calendar month by the tenth day of the calendar month (the **Payment Date**) in which the Tax Invoice is issued. If the Payment Date falls on a day which is not a Business Day, payment must be made on the preceding Business Day.

6.2 Where the Buyer has appointed MX to provide RCTI Services,

- (a) If the Buyer complies with clause 6.1, the Seller will receive payment for Farm Milk supplied under a Contract on the fifteenth day of the calendar month following the Payment Date.

- (b) If the Buyer does not comply with clause 6.1 and payment of the Tax Invoice is not received by the Payment Date, the Seller will receive payment for

Farm Milk supplied under a Contract five (5) days after MX receives payment for that Tax Invoice.

- (c) If the date of payment for Farm Milk supplied under a Contract as described in clauses 6.2(a) or (b) falls on a day which is not a Business Day, payment by MX will be made on the preceding Business Day.

7. Payment of Milk Fees

The following applies where the Contract is for the supply of Farm Milk.

- 7.1 Where the Buyer has appointed MX to provide RCTI Services, the Buyer and the Seller acknowledge that MX holds the funds received from a sale of Farm Milk on behalf of the Seller and MX will remit payment for the Dairy Product supplied to the Seller on the date specified in clause 6 of this Payment Policy.
- 7.2 Where the Buyer has appointed MX to provide RCTI Services, the Seller:
- (a) Irrevocably appoints MX as its attorney in relation to dealing with any money received from the Buyer on account of the sale of Farm Milk; and
- (b) Acknowledges and agrees it has no interest in funds that MX receives from the Buyer on account of the performance of services by MX (or third parties instructed by MX) including:
- (i) Milk Exchange Fee;
 - (ii) Collection Fees;
 - (iii) Testing Fees;
 - (iv) RCTI Fees; and
 - (v) Fees for other services.

8. Price adjustment to Dairy Product Price

- 8.1 When the Buyer and the Seller enter into a Contract, the parties will contract for Dairy Product to be supplied according to the Dairy Product Specifications.
- 8.2 The parties acknowledge and agree that the Dairy Product must be tested according to the Dairy Product Policy either by the Buyer or the Buyer's Nominee (or a subcontractor of the Buyer's Nominee).
- 8.3 Where the Contract is for the supply of Farm Milk, the Buyer or the Buyer's Nominee (or a subcontractor of the Buyer's Nominee) must test the Farm Milk according to the tests which are described in the Quality Standards and Quality Requirements and in the Dairy Product Policy.
- 8.4 Where the Buyer has appointed MX to provide RCTI Services and if the Buyer nominates that the testing of Farm Milk is to be conducted by the Buyer or a Buyer's Nominee (who is not MX), the Buyer must provide the Testing Data to MX immediately after the completion of the tests but in any event no later than the Adjustment Date. The Buyer acknowledges and agrees that it is solely responsible for providing the Testing Data where the Buyer's Nominee conducting the tests is not MX. If the Buyer fails to provide the Testing Data by the relevant Adjustment Date, the Buyer will be invoiced for, and must pay for, the full amount of the Dairy Product Price, without any downwards adjustment as contemplated by clause 8.6 below.
- 8.5 MX will not be liable to the Buyer for any Loss the Buyer may suffer as a result of any failure to provide the Testing Data by the Adjustment Date.
- 8.6 Where the Contract is for the supply of Farm Milk and the Farm Milk does not meet Grade 1 for each standard specified in the Quality Standards and Quality Specifications, the Seller agrees that the Dairy Product Price will be downwards adjusted cumulatively (but will not surpass 100% of the Dairy Product Price) in accordance with the following scale:

	% Reduction of Milk Fees
Grade 1	0%
Grade 2	-5%
Grade 3	-10%
Grade 4	-20%
Grade 5	-50%

For example, if the Farm Milk fails to meet Grade 1 for the Bactoscan test, but meets Grade 3, the Dairy Product Price will be adjusted downwards by 10%. If the Farm Milk also fails to meet Grade 1 for Thermoduric and instead meets Grade 2, the Dairy Product Price will be adjusted downwards by a further 5%, meaning that the overall Dairy Product Price which was specified in the Contract for that relevant batch of Farm Milk will be downwards adjusted by 15%.

9. Contamination of Dairy Product

- 9.1 If the Buyer elects for MX to act as the Buyer's Nominee under a Contract for the purposes of Collection, Testing and Delivery Services, the Seller agrees and acknowledges that the Seller will be responsible for reimbursing and indemnifying MX against any Loss which may be suffered by MX as a result of Dairy Product causing Contamination of a Transporter.
- 9.2 Loss could be (without limitation) reimbursement for the cost of the Contaminated Dairy Product, and costs of additional testing, segregation, additional transport, processing and disposal of the Contaminated Dairy Product.
- 9.3 For example, if the Contaminated Dairy Product contaminates Dairy Product owned by other third parties which is held on the same Transporter, the Seller may be required to reimburse MX (or parties who have engaged MX to provide Collection, Testing and Delivery Services) for the cost of the Dairy Product as it will be unable to be sold.

10. Payment sources

- 10.1 When the End User provides a payment source to MX (whether that source is credit cards, direct debits, bank transfers or PayPal), the End User confirms that the End User is permitted to use that payment source. The End User also authorises MX to collect and store the payment source, along with other related transaction information.
- 10.2 When the End User makes a payment, the End User authorises MX (and its designated payment processor) to charge the full amount of the Tax Invoice to the payment source the End User designates for the transaction.
- 10.3 If the End User pays any Fees by credit or debit card, MX may obtain a pre-approval from the issuer of the card for an amount up to the Fees payable by the End User. MX will bill the End User's card at the time of purchase or shortly thereafter.
- 10.4 If the End User pays by debit card and the End User's payment results in an overdraft or other fee from the End User's bank, the End User alone is responsible for that fee.

11. Definitions

The following definitions apply to this Payment Policy:

- (a) **Adjustment Date** means the end of each calendar month in which Dairy Product is supplied by the Seller to the Buyer. For clarity, the Adjustment Date for all Dairy Product supplied to the Buyer in June would be June 30.

- (b) **Buyer's Nominee** means a third party the Buyer contracts to test, accept and deliver the Dairy Product to the Buyer which must be a third party that is licensed to test, accept and deliver Dairy Product to the Buyer.
- (c) **Collection** means the loading of Dairy Product into the vehicle collecting the Dairy Product.
- (d) **Collection Fees** means the fees incurred by MX, and payable by the Buyer, in MX picking up the Dairy Product and delivering the Dairy Product to the Buyer.
- (e) **Commencement Date** means the commencement date of a Contract.
- (f) **Contamination** or **Contaminated** means Dairy Product being contaminated in accordance with the criteria in the Dairy Product Policy.
- (g) **Contract Price** means the total price payable for Dairy Product to be supplied by a Seller to a Buyer under a Contract.
- (h) **Dairy Product** means the dairy product contracted to be supplied by a Seller to a Buyer on the terms of a Contract.
- (i) **Dairy Product Price** means the price payable by a Buyer to a Seller (through MX acting as intermediary where the Buyer has appointed MX to provide RCTI Services) for Dairy Product supplied by a Seller to a Buyer under a Contract, adjusted via the process set out in clause 8.
- (j) **Farm Milk** means Raw Milk harvested directly from dairy cattle on a dairy farm.
- (k) **Fees** means all fees described in clause 3 of this Payment Policy.
- (l) **Milk Exchange Fee** has the meaning given in clause 28.1.
- (m) **Milk Exchange Terms** means the terms and conditions governing the use of the Milk Exchange available here: www.milkexchange.com.au.
- (n) **Payment Policy** means this payment policy.
- (o) **Quality Standards** means those standards which specified in the Contract.
- (p) **Quality Requirements** means those requirements which are specified in the Contract.
- (q) **Raw Milk** means Dairy Product in the form of unprocessed or unpasteurised raw milk contracted to be supplied by a Seller to a Buyer on the terms of a Contract.
- (r) **RCTI Fees** means those fees payable by the Buyer described in the RCTI Policy.
- (s) **Term** means the term of a Contract commencing on the Commencement Date.
- (t) **Testing Data** means the data obtained from conducting the tests specified in the Quality Standards and Quality Requirements, and the collection data of the Dairy Product measured upon pickup (i.e. the volume and fat protein of the Dairy Product).
- (u) **Testing Fees** means those fees payable by the Buyer described in the Collection, Testing and Delivery Policy but for clarity are:
 - (i) the courier fees incurred in transporting a sample to the laboratory; and
 - (ii) the laboratory fees incurred in undertaking the tests described in the Quality Standards and Quality Requirements.
- (v) **Transporter** means any vessel used to collect Dairy Product from the Seller.

Attachment 1 – Milk Exchange Fee

Product	Fee
Farm Milk (paid by the Buyer)	1% x Contract Price
Dairy Product other than Farm Milk (paid by the Seller)	2% x Contract Price