

Conditions on which AGL purchases stock from suppliers

By continuing to trade with and supply to AGL, the Supplier is deemed to have accepted these terms.

1 DEFINITIONS:

- 1.1 **AGL** means Alliance Group Limited or any of its subsidiaries.
- 1.2 **Agreement** means the terms of these Stock Procurement Conditions;
- 1.3 **Business Day** means any day excluding Saturdays, Sundays and statutory public holidays in Christchurch and Invercargill;
- 1.4 **Event of Default** means any event:
 - 1.4.1 in respect of the Supplier, where the Supplier (other than for the purpose of solvent reconstruction or amalgamation):
 - (a) fails to comply with this Agreement in material respect;
 - (b) has a receiver, receiver and manager, liquidator, interim liquidator, statutory manager, trustee, administrator, controller, inspector appointed under any companies or securities legislation, or similar official is appointed in respect of the Supplier or any of its property, or any security over any substantial part of its assets is enforced;
 - (c) ceases to carry on all, or substantially all of its business;
 - (d) is unable (or presumed to be unable) to pay its debts when due;
 - (e) makes an assignment for the benefit of, or enters into or makes any arrangement or compromise with, the Supplier's creditors or threatens to do so, or stops payments to its creditors generally;
 - (f) is, becomes, or is presumed to be insolvent or bankrupt;
 - (g) has a distress, attachment or other execution levied or enforced upon or commenced against any substantial part of its assets which is not stayed within 10 Business Days;
 - (h) has anything having a similar effect to any of the events specified above happen under the law of any applicable jurisdiction; or
 - (i) being an individual, has anything having a similar effect to any of the events specified above happen in respect of that individual; and
 - 1.4.2 In respect of AGL, where AGL:
 - (j) fails to comply with this Agreement in material respect; or
 - (k) fails to pay the Supplier any undisputed amount due and owing under this Agreement and that amount is overdue by at least 30 Business Days.
- 1.5 **Force Majeure Event** means any cause preventing the affected party from performing any or all of its obligations under this Agreement which arises from or is attributable to acts, events, omissions or accidents beyond the reasonable control of the affected party, other than a lack of funds. The definition of Force Majeure Event includes (without limitation) pandemic and disease outbreaks among animals.
- 1.6 **Stock** means: lambs, sheep, calves (including bobby calves), cattle, pigs, deer and any other species of livestock supplied to AGL, and includes the whole or part of their carcasses, meat of any description, offal, and all articles of food or other goods derived from such carcasses, skins, hides, pelts and wool.
- 1.7 **Standard Shareholding** has the meaning given to it in the investment statement issued by AGL (as amended from time to time).
- 1.8 **Supplier** means the supplier or owner for the time being of the Stock.
- 1.9 **Plant** means the meat processing plant owned or operated by AGL, as advised by AGL.
- 1.10 **Required Documentation** means any document, certification, declaration or advice required by AGL or any regulatory agency, regulation, law or binding industry guidance in relation to the transport, procurement or processing of Stock, including but not limited to animal status declarations or stock advice.

2 INTERPRETATION

- 2.1 In this Agreement, unless the context otherwise requires:
 - 2.1.1 a person includes an individual, body corporate, an association of persons (whether corporate or not), a trust, a state, an agency of a state and any other entity (in each case, whether or not having a separate legal personality);
 - 2.1.2 any legislation includes a modification and re-enactment of, legislation enacted in substitution for, and a regulation, order in council and other instrument from time to time issued or made under, that legislation;
 - 2.1.3 headings are to be ignored in construing this Agreement;
 - 2.1.4 a reference to a clause is a reference to a clause of this Agreement;
 - 2.1.5 references to dollars and \$ are references to New Zealand dollars; and
 - 2.1.6 the singular includes the plural and vice versa.

3 BASIS OF SUPPLY AND PASSING OF OWNERSHIP:

- 3.1 AGL will procure Stock from Suppliers on the following bases only:
 - 3.1.1 **Per Kilogram Basis:** On ruling weekly schedule price prevailing at the time of kill, on pool (subject to the Supplier being or becoming an AGL shareholder), on contract/option or sale on a per kilogram basis. In each case, ownership of the Stock shall pass to AGL at the time the Stock is weighed and graded at the scales after processing; or
 - 3.1.2 **Per Head Basis:** Sale on a per head basis, in which case ownership of the Stock shall pass to AGL at the time the Stock is delivered to a Plant, agreed grazing location or agreed location for store stock (as the case may be).

4 PASSING OF RISK:

- 4.1 The Stock shall remain at the Supplier's risk until ownership of the Stock has passed in accordance with clause 3.

5 SECURITIES OVER STOCK:

- 5.1 The Supplier warrants that the Stock is sold to AGL free from all liens, charges and/or other encumbrances.
- 5.2 The Supplier indemnifies AGL against any claims made on the basis that clear title has not passed to AGL.

6 DRAFTING AND EAR TAGS:

- 6.1 Stock may be drafted by AGL's own livestock representatives, the Supplier or a third party at the option of the Supplier. Payment of third party drafting fees will be the responsibility of the Supplier.

7 NAIT DATA MANAGEMENT:

- 7.1 All cattle and deer must be supplied in accordance with the National Animal Identification and Tracing Act 2012 (the NAIT Act).
- 7.2 AGL will collect and supply all data as required by the NAIT Act.

8 SHORN STOCK:

- 8.1 The Supplier shall ensure that shearing of Stock is carried out not less than 3 weeks before delivery.

9 GROWTH PROMOTANTS (GP):

- 9.1 The parties acknowledge that beef and beef offals from GP-treated Stock is prohibited from import into the European Union. Where Stock has been treated with GPs, the Supplier must, before delivery, advise AGL that the Stock has been treated with GPs and ensure the Stock is appropriately ear-tagged, so that the Plant receiving the Stock for processing is fully alerted. The Supplier must ensure delivery of the Stock to the Plant designated by AGL and on the day directed by AGL.
- 9.2 The Supplier will pay any additional costs reasonably incurred by AGL associated with GP-treated Stock to the extent it arises from the Supplier's failure to comply with clause 9.1.

10 SUPPLY WARRANTIES:

- 10.1 The Supplier warrants that:
 - 10.1.1 the Stock sold is not within the meat withholding period of any animal remedy with which the Stock may have been treated;
 - 10.1.2 the Stock is fit for processing for human consumption in compliance with the Animal Products Act 1999 and any applicable Regulations, as amended from time to time;
 - 10.1.3 the Supplier shall notify the livestock representative if any Stock has been vaccinated at any time against Johne's disease or foot rot as such vaccinated Stock must be processed at a Johne's-designated plant on designated dates. If any Stock has been vaccinated against Johne's disease or foot rot, the Supplier must ensure that the Stock is appropriately ear-tagged or otherwise appropriately identified, so that the Plant receiving the Stock for processing is fully alerted;
 - 10.1.4 it has complied with clause 9;
 - 10.1.5 the Stock supplied by them to AGL will be fit for purpose;
 - 10.1.6 it has not entered into any other arrangement which will or might reasonably be expected to conflict with it performing its obligations under this Agreement;
 - 10.1.7 it complies with the Resource Management Act 1991, Animal Welfare Act 1999 (or any subsequent or equivalent legislation), all animal welfare regulations and codes of animal welfare;
 - 10.1.8 the Stock will comply with all applicable laws, regulations and industry standards; and
 - 10.1.9 it will hold and will comply with all licences, permits and other approvals required under any relevant laws in order to meet their obligations under this Agreement.
- 10.2 If the Supplier has delivered:
 - 10.2.1 the wrong Stock;
 - 10.2.2 the incorrect quantity of Stock; or
 - 10.2.3 Stock that does not meet the warranties in clauses 10.1, without limiting any other legal rights or remedies available to AGL if the Supplier breaches this Agreement, AGL shall be entitled to downgrade the Stock in accordance with the N.Z Meat Producers' Board's standard grades, or any other equivalent grading system used in New Zealand from time to time, and pay for the Stock on the prevailing ruling weekly schedule price prevailing at the time of kill basis instead of any contract basis (if applicable). AGL shall be further entitled to cancel the contract in accordance with the terms set out in clause 20 of this Agreement with respect to any future consignments of Stock which have not yet been processed.

11 TRANSPORT AND CLEANLINESS OF STOCK:

- 11.1 Stock must be transported and presented at the Plant in accordance with the New Zealand Livestock Transport Accreditation Programme and such other policies notified by AGL from time to time (**Standards**).
- 11.2 AGL may in its reasonable discretion return dirty Stock that is not fit for purpose and/or Stock that does not meet the Standards to the farm at the Supplier's expense or require the Supplier to clean the Stock, or charge the Supplier a reasonable fee for cleaning the Stock.

12 DELIVERY OF STOCK:

- 12.1 The Supplier will deliver the Stock to the Plant, grazing location or agreed location for store stock (as the case may be) at the time and date appointed by AGL with all charges and expenses paid. The period of rest required for Stock after delivery and before processing shall be at the reasonable discretion of AGL having regard to its operating capacity, expected or unexpected circumstances resulting in delays in processing.

13 STOCK ADVICE AND ANIMAL STATUS DECLARATION:

- 13.1 The Supplier will provide all Required Documentation to Alliance with each consignment of Stock for processing, including (for the avoidance of doubt) but not limited to a stock advice and an animal status declaration (including an electronic animal status declaration (eASD)). All Required Documentation must be handed to or otherwise made available to Plant personnel on delivery of the Stock.
- 13.2 The Supplier is responsible for the accuracy and completeness of the information in the stock advice and animal status declaration and must sign and date the form.
- 13.3 AGL shall not be responsible for any costs or losses of any nature whatsoever resulting from incorrect or incomplete disclosure by the Supplier in any stock advice and animal status declaration or the failure of the Supplier to supply a stock advice and animal status declaration. AGL reserves the right to require the Supplier to use eASD for any animals supplied.

14 PROCESSING OF STOCK:

- 14.1 The Stock shall be processed in such order as is reasonably determined by AGL, having regard to all relevant factors, such as:
 - (a) animal welfare considerations;
 - (b) orders received from its customers;
 - (c) its processing capacity;
 - (d) any scheduled maintenance or urgent repairs of the Plant;
 - (e) market conditions;
 - (f) environmental conditions;
 - (g) natural disasters such as earthquake, flood and drought;
 - (h) human and animal disease, epidemic or pandemic;
 - (i) government orders, directives and policies;
 - (j) staff shortages, labour disputes, strikes or staff illness.
 AGL shall not be responsible for any reasonable delay in processing.

15 REJECTIONS:

- 15.1 AGL may reject Stock as unsuitable for processing or export where the Supplier has failed to satisfy, in material respects, any of its warranties set out in clause 10 of this Agreement and AGL will not be required to pay the Supplier for such rejected Stock. Stock rejected as unsuitable for processing shall be removed from AGL's premises immediately at the Supplier's expense.
- 15.2 AGL cannot accept Stock for processing without a properly completed animal status declaration signed by the Supplier.

16 GRADING OF MEAT:

- 16.1 AGL will grade all meat in accordance with the N.Z. Meat Producers' Board's standard grades or, any other equivalent grading system used in New Zealand from time to time.

17 OVIS MANAGEMENT LIMITED:

- 17.1 The Supplier acknowledges and agrees that all Stock supply information collected and held by AGL may be provided to Ovis Management Limited for the purpose of participating in the sheep measles industry partnership programme.

18 PRICE FOR STOCK SUPPLIED TO AGL:

- 18.1 The price for the Stock shall be determined and payment made on the terms set out in the appendix attached, which is incorporated into this Agreement.
- 18.2 Suppliers who supply all their livestock in a species during the applicable processing season shall be paid a quarterly loyalty payment at the applicable rate (please refer to AGL's website) in relation to that processing season.
- 18.3 Where a Supplier is undersubscribed in relation to their Standard Shareholding, AGL may make a deduction:
 - (a) at the applicable rate (please refer to AGL's website) from the proceeds of livestock processed during that processing season; and/or
 - (b) of up to one half of any supply-based distributions (including pool payments) payable to that Supplier,

in each case to pay for the allotment of additional shares to that Supplier if it is below its required Standard Shareholding.

19 SETTING OFF:

AGL may withhold, set-off against or deduct any liquidated or unliquidated amounts due to or claimed by AGL from the Supplier (under this Agreement or otherwise due or claimed) from any amount payable to the Supplier under this Agreement.

20 VARIATION OF AGREEMENT:

- 20.1 This Agreement is paramount and binding on the Supplier in their entirety notwithstanding any alternative or specific terms the Supplier may have relating to the Stock. Any Supplier specific terms or conditions will not be binding on AGL unless AGL agrees to them in writing in accordance with clause 20.3.
- 20.2 No agent or representative of AGL is authorised to make any representation or warranty or to agree to any addition or variation to this Agreement except in accordance with clause 20.3 of these conditions. All other conditions, warranties and representations except for those contained in this Agreement are expressly excluded.
- 20.3 This Agreement may not be varied by the Supplier without the written agreement of the company secretary of AGL.
- 20.4 This Agreement supersedes any previous agreements, terms or conditions published or provided by AGL. AGL may vary this Agreement from time to time and will either provide the updated Agreement to the Supplier. If the Supplier continues to supply to and trade with AGL, the Supplier is deemed to have accepted the updated terms. No other amendment to this Agreement is effective unless it is in writing and signed by both AGL and the Supplier.

21 TERMINATION:

- 21.1 Without prejudice to any other right or remedy it may have, whether under this Agreement, under statute or otherwise, either party may terminate this Agreement by written notice to the other party if an Event of Default occurs.

22 NOTICES:

- 22.1 Any notice to be given under this Agreement must be made in writing or by email sent to:
 - (a) in the case of the Supplier, the address or email address as notified by the Supplier to AGL from time to time; and
 - (b) in the case of AGL, Alliance Group Ltd, 51 Don Street, Invercargill 9810, or to such other address or email address as may be notified by AGL from time to time.
- 22.2 Any written notice given in accordance with clause 22.1 will be deemed received:
 - (a) if delivered by email, 24 hours after the email was sent (provided that the sender's computer system has not generated a record that the email has not been received);
 - (b) if delivered by hand, on delivery; and
 - (c) if delivered by post, on the third Business Day after the date of posting.

23 DISPUTE RESOLUTION

- 23.1 A party may at any time while there is a genuine dispute relating in any way to this Agreement (**Dispute**) give written notice (**Dispute Notice**) to the other party specifying the subject matter of the Dispute and requiring that the parties meet within 10 Business Days after delivery of the Dispute Notice, to attempt to resolve the Dispute (**Dispute Resolution Meeting**).
- 23.2 If the parties fail to resolve the Dispute at the Dispute Resolution Meeting or if a party fails or refuses to attend the Dispute Resolution Meeting, the parties will refer the Dispute to their senior executives or their authorised representative (as applicable).
- 23.3 If the senior executives (or their authorised representative) fails to resolve the dispute within 10 Business Days of the referral, the parties may refer the dispute to mediation by a single mediator agreed on in writing by them or (if they are unable to agree on a mediator within 5 Business Days after the submission to mediation) nominated by the President for the time being of the Arbitrators' and Mediators' Institute of New Zealand Inc.. In the event of any submission to mediation:
 - 23.3.1 The mediator will not be acting as an expert or as an arbitrator;
 - 23.3.2 The mediator will determine the procedure and timetable for the mediation; and
 - 23.3.3 The parties will share equally the cost of the mediation.
- 23.4 No party to this Agreement will issue any legal proceedings (other than for urgent interlocutory relief) relating to any Dispute unless that party has first taken all reasonable steps to comply with clauses 23.1 to 23.3.

24 FORCE MAJEURE

- 24.1 Neither party will be liable to the other for any breach or failure to perform any of its obligations under these terms to the extent that breach or failure is caused by any Force Majeure Event.
- 24.2 If either party is, or is likely to be, affected by a Force Majeure Event, it will immediately notify the other party of the occurrence of the relevant event and will use its best endeavours to overcome or mitigate the effects of that event.
- 24.3 The party affected will perform its obligations to the extent it is able to do so notwithstanding the existence of the Force Majeure Event.

25 GENERAL

- 25.1 Each party must not assign or transfer any of its rights under this Agreement without the prior written consent of the other party, such consent not to be unreasonably withheld or delayed.
- 25.2 This Agreement constitutes the entire agreement of the parties in respect of the matters covered by it and supersedes all previous agreements, understandings and negotiations in respect of those matters.
- 25.3 No waiver by a party of its rights under this Agreement is effective unless it is in writing signed by that party.
- 25.4 The rights of the parties under this Agreement are cumulative and not exclusive of any rights provided by law, unless specified otherwise in this Agreement.
- 25.5 If any provision of this Agreement is invalid or unenforceable, the remaining provisions will not be affected and will continue in full force and effect.
- 25.6 This Agreement is governed by, and is to be construed in accordance with, New Zealand law and each of the parties submits to the exclusive jurisdiction of the courts of New Zealand.
- 25.7 This Agreement may be executed in any number of counterparts (including electronic and/or facsimile copies) all of which, when taken together, will constitute one and the same instrument. A party may enter into this Agreement by executing any counterpart.

APPENDIX: Terms of Payment for Stock Supplied to Alliance Group Limited

BASIS OF STOCK SUPPLY	PAYMENT TERMS	
STOCK SUPPLIED ON POOL BASIS	Price	The applicable schedule price offered by AGL at the time of supply.
	Time of Payment	The first Business Day 14 days after the date of processing. A final payment of a sum above full schedule (pool surplus payment) may be made at the discretion of AGL following the conclusion of the season of supply.
STOCK SUPPLIED ON A SCHEDULE BASIS	Price	The applicable schedule price offered by AGL at the time of supply.
	Time of Payment	The first Business Day 14 days after the date of processing.
STOCK SUPPLIED ON A PER HEAD BASIS	Price	As agreed between the Supplier and the AGL representative at the time the Stock is drafted.
	Time of Payment	The first Business Day 14 days after the date of processing or, in the case of stock delivered to a grazing location or agreed location for store stock, the first Business Day 14 days after delivery to the location specified by AGL.
STOCK SUPPLIED ON A CONTRACT/OPTION BASIS	Price	As agreed in the written supply contract/option.
	Time of Payment	The first Business Day 14 days after the date of processing unless agreed otherwise in the written supply contract/option.
STOCK SUPPLIED ON A PER KILOGRAM BASIS	Price	To be calculated on the amount per kilogram agreed.
	Time of Payment	The first Business Day 14 days after the date of processing.
As set out in clause 18.3 of AGL's Stock Procurement Conditions, AGL may make a deduction from the proceeds of livestock processed and/or any supply-based distributions (including pool payments) to pay for the allotment of additional shares to that Supplier if it is below its required Standard Shareholding.		

1 YIELD QUALITY CONTRACT

Yield payments for a designated period each season will be available to qualifying shareholders who commit to a Yield Quality Contract for lambs supplied on pool that meet the required weight and yield ranges.

2 LOYALTY PAYMENTS

Loyalty payments to be made quarterly from the start of the season at the applicable rate (please refer to AGL's website) for the relevant processing season. Loyalty payments are subject to eligibility criteria specified by AGL from time to time.

3 DEDUCTIONS APPLYING TO UNDER-SUBSCRIBED SHARES

At the applicable rate (please refer to AGL's website) for the relevant processing season.

4 METHOD OF PAYMENT

AGL will make payment to the Supplier, or any third party nominated by the Supplier by direct credit to the bank account as advised by the Supplier or third party nominee. Where the Stock supplied is subject to a security interest registered under the Personal Property Securities Act 1999, AGL shall be entitled to make payment direct to the security holder.

5 LEVIES AND OTHER CHARGES

The payment for stock purchased on schedule, pool, contract or on a per kilogram basis will be subject to deduction of compulsory levies. All deductions will be shown on the Supplier's kill sheet or payment advice provided by AGL.

6 GST

- (a) Prices notified or agreed are exclusive of GST.
- (b) The Supplier will provide AGL with his or her GST number at the time of supply.
- (c) Payment to a Supplier not registered for GST or failing to provide AGL with a GST number will be made exclusive of GST.
- (d) Payment to a Supplier registered for GST will be made inclusive of GST.