

Dear fellow suppliers,

As I sit down to write this update the rain has been falling in at least some of our regions. I hope everyone gets some this time and that we all get a good start to our season.

I indicated in late March that I would keep you updated, so below is a short summary what the Board has been working on.

New season pricing: We have, and continue to, urge Fonterra to select dates for the announcement of the forecast closing range and the opening price. We know that there are world and national events that influence the accuracy of these numbers, but equally that you want them to inform your decision making. We have also advised it's our belief that the supplier meetings should be brought forward into the second half of June, which I understand is now taking place.

Structure: The Board and the Supplier Forum have worked together to develop a structure to give farmers a stronger, wider and more tangible representation. You will see us working very closely together, particularly in your regions and with the Farm Source team, to respond to your needs. More details on your representation structure moving forward will be included with the information on the new agreement.

Agreement: As I stated in March, there were a few points still to get done. As with most negotiations, the hardest are usually left until last and are done at the eleventh hour. There are still a couple of points we want to get included, and we also noticed as we worked through previous agreements that there are some outdated points and terms. We will update these and make sure the new agreement is relevant to the environment we are now operating in, and to the very reason we exist.

The most important thing: There has been a lot of talk around specialty milk pools. I want you to know the Board's position is that the main headline remains the farmgate milk price, which I believe is also Fonterra's view. We continue to keep focused on the price that all suppliers receive, while recognising there are some farmers who want access to these niche pools.

Should you have any concerns please contact any of the representative team, and we will do our best to have these concerns answered.

Kind Regards
John Dalton
Bonlac Supply Company Chair

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