

TERMS AND CONDITIONS OF NUT IN SHELL PURCHASE FOR THE 2025 SEASON

Marquis Macadamias (MM) will purchase Nut in Shell (NIS) from suppliers during the 2025 season under the following terms and conditions (the Terms and Conditions). MM reserves the right to reject any NIS which is not supplied in accordance with the Terms and Conditions.

If you are a Shareholder in MM these Terms and Conditions are subject to, and should be read in conjunction with, the Shareholder Nut in Shell Supply Agreement in force for the season in which you are supplying NIS under these Terms and Conditions. A copy of the Shareholder Supply Agreement is available on request from MM.

If you are a Non-Shareholder in MM these Terms and Conditions are subject to, and should be read in conjunction with, the Non-Shareholder Nut in Shell Supply Agreement in force for the season in which you are supplying NIS under these Terms and Conditions. A copy of the Non-Shareholder Supply Agreement is required to be completed before you deliver to MM.

By supplying NIS to MM, you agree that you are doing so on the basis of these Terms and Conditions and, where applicable, these Terms and Conditions should be read in conjunction with the Shareholder or Non-Shareholder Supply Agreement, whichever applies.

1 NIS specifications

Subject to these terms and conditions, MM will only purchase NIS delivered to its Lismore or Bundaberg factories, or its nominated depots, that meets the following specifications. MM retains the right to determine, at its sole discretion, whether any NIS meets the specifications.

- 1.1 **Acceptable varieties** - Both grafted *integrifolia* and *tetraphylla* varieties will be accepted.
- 1.2 **Moisture content** - Macadamia NIS will be accepted at varying moisture levels. Payment will be based on weights converted to 10% moisture content.
- 1.3 **Quality requirements** - Consignments must not be contaminated with excessive dirt, animal waste and/or Foreign Materials not naturally associated with macadamia products (examples of contamination are oils, fuels, and fertilisers or known allergens including grains and other nuts).
All NIS must conform to the relevant State and Federal regulatory requirements governing agricultural production and food products.
- 1.4 **Nut size** - NIS must have a minimum diameter of 17mm. NIS that passes through a 17 mm bar screen will be removed and the weight deducted from the delivered weight. See **Section 6** for further explanations.
- 1.5 **Kernel recovery requirements** - Consignments of NIS must have a combined Premium Kernel Recovery (PKR) and Commercial Kernel Recovery (CKR) of not less than 18.0%. See **Sections 4 and 5** for an explanation of these terms.

Consignments of NIS must have a Reject Kernel Recovery (RKR) of less than 7%. Consignments exceeding this limit may be rejected at the discretion of MM. See **Sections 4 and 5** for an explanation of these terms.

- 1.6. **Pre-sorted or sized NIS** - MM will not accept NIS that has been pre-sorted or size graded for NIS export where the export NIS has been removed prior to delivery.

2 Delivery specifications

Both the Lismore and Bundaberg factories will accept deliveries of standard NIS, which is defined as NIS that is free from Foreign Materials that pose a significant food safety risk and contain negligible Trash, Gross Rejects and Husk. MM retains the right to determine, at its sole discretion, whether any delivery meets the delivery specifications, and if not whether the delivery is rejected.

2.1 **MM Lismore and Bundaberg Factories excluding approved dehusking facilities.**

In addition to points 1.1 to 1.6, deliveries to MM Lismore and Bundaberg, excluding deliveries to the approved dehusking facilities, must meet the limits specified in Table 1 below. Deliveries that do not meet the specifications may be rejected.

Table 1. Delivery requirements for MM Lismore and Bundaberg, excluding deliveries to approved dehusking facilities.

Category	Definition	Maximum allowable levels
Foreign Materials	Materials that do not grow on the macadamia tree or are not naturally found on the orchard floor: 2 categories	Significant food safety hazards: nil allowed
	1. Significant food safety hazards e.g. rat baits or known allergens including grains and other nuts.	
	2. Other Foreign Materials e.g. irrigation fittings, harvester wheel fingers.	Other Foreign Materials: 1 piece/tonne
Trash	Leaf	1% by area
	Stick	5 pieces/tonne
	Rock	5 pieces/tonne
Gross Rejects	This includes black nuts, loose shell, loose kernel, rodent or bird damaged nuts, nuts exhibiting mould on shell and seedling nuts.	2% by weight
Nut in Husk	NIS that is encased in husk	1% by count

2.2 Approved dehusking facilities delivery specifications in addition to points 1.1-1.6, deliveries to approved dehusking facilities must comply with the following specifications:

2.2.1 Deliveries made to MM's approved dehusking facilities may contain up to 100% Nut in Husk (NIH).

2.2.2 MM and the approved dehusking facility reserve the right to reject consignments due to excessive leaf, rock, detection of animal manure and/or the detection of any significant food safety hazards, such as rat baits.

2.2.3 If a delivery to IAI Australia Fund II Pty Ltd is deemed by a MM representative to contain excessive Foreign Material, it will be returned to the Supplier unsorted, unless the Supplier agrees to pay an additional charge, up to a maximum \$0.60/kg total dehusking fee, to IAI Australia Fund II Pty Ltd on the Delivered Weight. If the Supplier agrees to bear the additional dehusking cost, the total dehusking fee will be deducted from payments otherwise due to the Supplier from MM, in accordance with these Terms and Conditions, and will be remitted by MM to IAI Australia Fund II Pty Ltd.

No deliveries will be accepted at IAI Australia Fund II Pty Ltd unless by prior arrangement with an authorised MM representative.

IAI Australia Fund II Pty Ltd reserves the right to reject deliveries under 1 tonne.

2.3 Suppliers will be able to choose from one of the three options below when delivering NIS to our factories in 2025. Gross Rejects are defined in Table 1.

1 This delivery has been fully sorted on farm and will be treated as a standard NIS delivery.

No sorting will be done at the factory prior to testing.

2 This delivery has been fully sorted on farm, but if any Gross Reject NIS is found in NIS lab samples, I require it to be removed before the lab sample is cracked.

The removed Gross Reject NIS weight will proportionally reduce the delivered weight. The kernel in the removed Gross Reject NIS is not used in the kernel recovery calculations.

3 This delivery has been primary sorted on farm and requires assessment at receivals for Foreign Material, Trash, Nut in Husk and Gross Reject NIS.

The delivery sample will be sorted at receivals to remove Foreign Materials, Trash, Gross Rejects and Nut In Husk. Any Foreign Materials, Trash, Gross Rejects and Nut In Husk removed will proportionally reduce the delivered weight.

3. Charges

3.1 Deliveries to MM Lismore and Bundaberg, excluding deliveries to the approved dehusking facility, that meet the limits specified in Table 1, will not incur a charge for cleaning, dehusking or sorting.

- 3.2 For Northern NSW Suppliers, deliveries to the approved dehusking facility at Summerland Farm, can choose between a dehusking charge based on the Delivered Weight, as defined in **Section 6**, of \$0.14/kg of Delivered Weight for a dehusk only and \$0.195c/kg for a dehusk and sort, with a minimum charge of \$140.00 applied to any delivery less than 1000kg Delivered Weight.

Deliveries to Summerland Farm that are deemed by the dehusking contractor staff to contain an excessive amount of Gross Rejects, will incur a dehusking and sorting charge based on the Delivered Weight of \$0.195/kg of Delivered Weight for the dehusking and sorting, with a minimum charge of \$195.00 applied to any delivery less than 1000kg Delivered Weight.

- 3.3 For Northern NSW Suppliers, deliveries to the approved dehusking facility at PL Dehusking, will incur a dehusking charge based on the Delivered Weight, as defined in Section 6, of \$0.16/kg of Delivered Weight, with a minimum charge of \$140.00 applied to any delivery less than 1000kg Delivered Weight
- 3.4 For Bundaberg based Suppliers utilising the MM dehusking service provided by IAI Australia Fund II Pty Ltd the rate will be \$0.32/kg of Delivered Weight, as defined in **Section 6**, for services organised by MM.
- 3.5 The dehusking and/or sorting charges will be deducted from the consignment value. This will be deducted from the first payment.

4 Recovery and adjustment definitions

In the following definitions, the weight of the kernel and NIS are taken at the moisture content reached after drying for lab testing which is approximately 3.5% NIS moisture content.

- 4.1 Premium Kernel Recovery (PKR) - The percentage of Premium Kernel to the total NIS by weight.
- 4.2 Commercial Kernel Recovery (CKR) - The percentage of Commercial Kernel to total NIS by weight.
- 4.3 Reject Kernel Recovery (RKR) - The percentage of Reject Kernel to total NIS by weight.
- 4.4 Whole Kernel Percentage (WK) - The percentage of Whole Kernel in the premium and commercial categories to the total Premium and Commercial Kernel by weight.

5 Kernel definitions

The following quality definitions will be applied when testing NIS consignments.

- 5.1. **Premium Kernel** - Fully mature kernel that is plump (not shrivelled), round and firm with an even white or cream colouring and free of any off odours or flavours or rancidity will be regarded as Premium Kernel.
- 5.2. **Commercial Kernel** - Kernel affected by the following defects will be regarded as Commercial Kernel:
- 5.2.1 Light discolouration
- 5.2.2 Light shrivelled (immaturity)
- 5.2.3 Light discoloured crest (germination)

5.3. **Reject Kernel** - Kernel affected by the following defects will be regarded as Reject Kernel:

- 5.3.1 Insect damage
- 5.3.2 Mould
- 5.3.3 Heavy discolouration
- 5.3.4 Internal discolouration
- 5.3.5 Heavy shrivelled (immaturity)
- 5.3.6 Heavy discoloured crest (germination)
- 5.3.7 Rancidity
- 5.3.8 Off odours or flavours

5.4. **Whole Kernel** - A Premium or Commercial grade kernel that is greater than 75% intact.

6 Sampling and testing definitions

6.1 **Delivered Weight adjustments and terms**

6.1.1 To determine the Consignment NIS Weight, the Delivered Weight will be adjusted by deducting:

6.1.1.1 The weight of Foreign Materials, Trash, Husk, NIS less than 17mm and Gross Rejects removed during processing; and

6.1.1.2 The weight of the Foreign Materials, Trash, Husk, NIS less than 17mm and Gross Rejects remaining in the consignment after processing as calculated using sample analysis.

6.1.2 For deliveries that are sampled prior to processing, the weight of Foreign Materials, Trash, Husk, less than 17mm NIS and Gross Rejects will be calculated using sample analysis only. This weight will then be deducted from the Delivered Weight to determine the Consignment NIS Weight.

6.1.3 Definitions related to the weight adjustment calculations:

6.1.3.1 **Delivered Weight** - The total weight of NIS, Husk, Foreign Materials, Trash and Gross Rejects delivered to MM or its nominated depot.

6.1.3.2 **Removed Weight** - The weight of Husk, Foreign Materials, Trash, Gross Rejects and less than 17mm NIS that is removed from a consignment during processing plus the calculated weight of these materials remaining and still to be removed after processing, as determined using sample analysis.

6.1.3.3 **Consignment NIS Weight** - Delivered Weight minus the Removed Weight at delivered moisture content.

6.1.3.4 **Processing** - passing the whole consignment through machinery to remove some or all of the Husk, Foreign Materials, Trash, Gross Rejects and less than 17mm NIS.

6.2 Nut In Shell (NIS)

6.2.1 For the purpose of payment, NIS that is within the specifications at **Sections 1 and 2** either at delivery or after it is cleaned and dehusked will be sampled at the rate of 1 sample per 2 tonnes, or part thereof, for consignments of up to ten tonnes. The lowest sampling rate for consignments greater than ten tonnes will be 1 sample per 2 tonnes for the first ten tonnes and then 1 sample per 4 tonnes, or part thereof, for the remainder of the consignment.

6.2.2 Lab samples will be assessed in accordance with Industry Standards in our AMS accredited laboratory. The consignment value is calculated solely on the results of the assessment of these samples.

6.2.3 Suppliers are welcome to view their lab samples being tested.

7 Re-tests

Should a supplier wish to query a test result, duplicate NIS lab samples will be retained for a period of **2 months only**, during which time a re-test can be conducted at their request.

Results from re-tests will be averaged with the original test result and payment for the associated consignment will be based on the averaged result.

8 Basis of Payment

8.1 MM will analyse each consignment for the Premium Kernel Recovery, Commercial Kernel Recovery, Reject Kernel Recovery, Moisture Content Percentage, and the Consignment NIS Weight according to these Terms and Conditions. This will be used for calculating the Notional Price for a consignment according to the Notional Price Table.

8.2 The Notional Prices in the Notional Price Table, as and when it is released, have been determined prior to the start of the season by the Board of MM having regard to forecast sale prices for macadamia products made from NIS anticipated to be supplied by Suppliers to MM during the relevant season.

8.3 Subject to 8.4, payments to Suppliers during the season will be the calculation of the Notional Price based on the combined total value of Premium Kernel Recovery and Commercial Kernel Recovery in the consignment as determined from the Notional Price Table.

8.4 MM may, from time to time during a season, adjust the Notional Prices in the Notional Price Table having regard to the prices being achieved and forecast to be achieved from sales of macadamia products in the domestic and export markets. Suppliers will be notified of any such changes by written notification.

8.5 MM will pay the Supplier the applicable Notional Price for each consignment of supplied NIS according to the payment schedule, notified to Suppliers from time to time in writing, subject to the deduction for expenses and provisions described below.

8.6 This payment schedule is subject to change which includes accelerating, delaying, or ceasing progress payments at the discretion of the Board of Directors. **These decisions will be made by the Board exercising reasonable judgement having regard to:**

8.6.1 Whether the actual selling prices being achieved in the market require an adjustment to the payment schedule, as a matter of prudence, based on the aggregate value of payments that have already been made to all Suppliers, season-to-date, based on the prevailing Notional Price, and which are forecast by MM to be made to Suppliers based on the Notional Price Table for the balance of the season, as compared to the anticipated sales revenue and

8.6.2 The need for MM to comply with banking covenants and its obligations to meet operating expenses of the company.

Any decision to accelerate, delay or cease progress payments that would otherwise be paid in accordance with the payment schedule will be communicated to Suppliers in writing as soon as practicable, with reasons.

8.7 MM will pay the Supplier the Final Notional Price for its NIS supply which is based on the average selling price per kilogram obtained by MM for the finished product after deducting all reasonable expenses and provisions for the financial year. Reasonable expenses include, but are not limited to, Raw Materials (includes NIS) and Consumables used in the operation of factories, Employee Benefits, Storage and Transport, Depreciation, Finance Costs, Foreign Exchange gains or losses and a share of profit or loss of MM’s associated entities (including Marquis Marketing). Details of these expenses and other deductions are included in MM’s Annual Report.

8.7.1 A Freshcare bonus of \$0.03/kg NIS at 10% MC will be added to the Consignment Value if all the nuts in a consignment have been grown on a farm with current and valid Freshcare certification and the Supplier has provided a copy of the Freshcare certificate to MM.

8.7.2 MM offers to pay only for NIS that meets these Terms and Conditions.

8.8 Freight Subsidy

In addition, a freight subsidy will be added to the Consignment Value. This subsidy will be paid to all Suppliers, regardless of whether a contract carrier is used, or you deliver the NIS yourself. The amount to be paid will be radius based, determined by the distance of your farm from MM Lismore or Bundaberg factories or an alternate approved MM depot. The amount of freight subsidy to be paid is outlined in the table below and is based on the weight of NIS delivered at 10% MC.

Radius from Depot:	Subsidy per kg NIS @ 10% MC
0-50km	3.5c
50-100km	4.0c
100km +	6.0c

9 Australian Macadamia Industry Compulsory Levy

The Macadamia Industry Levy will be deducted from the payment for a consignment. The levy is calculated at 26 cents/kg of premium and commercial kernel weight calculated at 3.5% NIS moisture. Following is an example of the levy calculation for a consignment of NIS of 1000kg with 2% Reject Kernel, 2% Commercial Kernel and 34% Premium Kernel:

NIS at 10% moisture	1000kg
Convert NIS to 3.5%	$1000 \times 0.90/0.965 = 932.64\text{kg}$
Total saleable kernel = 36% x 932.64	335.75kg of kernel
Levy = \$0.26 x 335.75	\$87.30

10 Deliveries

10.1 Delivery hours, contact numbers and bookings

10.1.1 Our **Lismore** premises will be open for NIS deliveries between 7.30am - 4.00pm Monday to Friday during the season. Operating hours may be extended during the season to accommodate deliveries. To assist in the management of the delivery schedule at Lismore, bookings are required.

Phone or message Lismore Receivals on 0457 729 215 or (02) 6625 6312 to make a booking.

If busy, call (02) 6624 3900, between 8.30am - 4.00pm.

10.1.2 Our **Bundaberg** premises will be open for NIS deliveries between 7:00am - 4:00pm, Monday to Friday during the season. Operating hours may be extended during the season to accommodate deliveries. To assist in the management of the delivery schedule at Bundaberg, bookings are required:

Phone or message Bundaberg Receivals on 0474 631 333 or (07) 4155 9377 to make a booking.

10.1.3 Our Stuart's Point depot, Avoroma, will be open for NIS deliveries between 10.00am - 4.00pm, closed from 12.30pm -1.00pm, each Wednesday during the season. If required during peak season deliveries may be able to be made during the same hours on Thursday.

Please contact Shannon Hicks on 0412 158 203 or stuartspoint@norco.com.au to make a booking for your delivery.

10.1.4 MM may limit the amount of NIS containing more than 10% NIH that it receives through its depots at approved dehusking facilities. The available tonnage will be allocated on a first in first served basis.

10.2 Dehusking Facilities

10.2.1 Approved dehusking facilities are the Summerland Farm and PL Dehusking in Northern NSW and IAI Australia Fund II Pty Ltd in Bundaberg.

10.2.2 Suppliers who wish to deliver a consignment to MM via IAI Australia Fund II Pty Ltd must contact an authorised MM representative prior to delivering to the facility. Any delivery to this approved dehusking facility that has not been pre-arranged with MM may be rejected or may not be processed on that day.

10.2.3 Deliveries to IAI Australia Fund II Pty Ltd must be made on weekdays (no weekends or public holidays) on Monday to Thursday between 6am and 4pm and Friday between 6am and 12pm.

10.2.4 To arrange deliveries for dehusking at **Summerland Farms** please contact:
Farm Services 0424 562 420 or farmservices@summerlandfarm.com.au

10.2.5 To arrange deliveries for dehusking at **PL Dehusking** please contact:
Libby Hannigan on 0404 235 700 or aliviamckinlay@gmail.com

10.3 Conditions that must be met prior to or at delivery

10.3.1 MM reserves the right not to accept delivery directly to our factories of any consignment if the following conditions have not been met:

- The minimum delivery weight is 800kg of NIS.
- Deliveries of NIH must contain 800kg of NIS.

10.3.2 Whenever a contract carrier is used to deliver NIS, a consignment note must accompany the load listing the following:

- The name of the supplier
- Six digit grower number
- The approximate weight of the consignment

10.3.3 The supplier must submit a completed MM 2025 Pre-Season Self Audit Report which includes Acceptance of the 2025 Terms and Conditions of Nut in Shell Purchase prior to their first delivery for the season. The report must be completed and signed by the supplier or their authorised representative.

Payments will not be processed until the Pre-season Self-audit form has been submitted.

10.3.4 The supplier must submit a completed MM 2025 Delivery Report for each delivery either before or upon arrival of the consignment at our receivals point. The completed report must contain the details of the consignment and be signed by the supplier or their authorised representative.

10.4 Pre-delivery and Pre-acceptance testing

10.4.1 We encourage all suppliers to submit a representative pre-delivery sample to the MM Laboratory for all consignments. The results of this sample will be used to segregate NIS according to Commercial and Reject Kernel content. A period of up to 10 working days should be allowed for evaluation and testing of samples.

10.4.2 A pre-acceptance test (Rapid Test) of a consignment will be conducted at the time of delivery, but prior to unloading of NIS into our hoppers, to assist MM staff in segregation of product. These results are in no way linked to payment for the consignment.

11 Freight

Suppliers will be responsible for their freight charges to MM Lismore or Bundaberg factories or to the nominated depots. Suppliers must make their own contractual arrangements directly with a cartage contractor of their choice. Cartage contractors will therefore act as agents for suppliers.

Suppliers must ensure any truck or bin is cleaned prior to the loading of NIS in accordance with the MM Approved Supplier Program.

Please note all deliveries must be scheduled in terms of **Section 10.1** above.

12 Risk and Title in NIS

Risk in consignments shall only pass to MM upon delivery of NIS by the supplier or the supplier's employee, agent or contractor to MM nominated depots, including the approved dehusking facility, or to our Lismore or Bundaberg premises.

Title in NIS shall be deemed to pass to MM upon the physical delivery and unloading of NIS into our hopper at our Lismore or Bundaberg premises or into the delivery hopper at the approved dehusking facility, whether or not such delivery and unloading is by a supplier's or MM employees, agents, or contractors. MM reserve the right not to accept any such delivery that fails to meet these Terms and Conditions.

13 Modern Slavery Act

13.1 MM is fully committed to operating responsibly and establishing and adhering to the highest ethical standards across our group. In accordance with the Modern Slavery Act 2018, we have undertaken to identify and assess and control risks of modern slavery in our supply chains.

By supplying MM, Suppliers agree to take reasonable steps to:

13.1.1 Establish appropriate systems and processes to ensure risks or occurrences of Modern Slavery in their supply chains or any part of its business are identified, assessed and addressed.

13.1.2 Notify MM as soon as reasonably practicable after they becomes aware of, or reasonably suspects, Modern Slavery is occurring in its supply chains or any part of its business.

13.1.3 Should a Supplier suspect that there is modern slavery occurring they are to notify MM as soon as practically possible.

13.1.4 Modern slavery is defined as including eight types of serious exploitation: trafficking in persons; slavery; servitude; forced marriage; forced labour; debt bondage; deceptive recruiting for labour or services; and the worst forms of child labour. The worst forms of child labour means situations where children are subjected to slavery or similar practices or engaged in hazardous work.