

2017 MARKETING CHOICE

10 May 2017

By **Greg Beashel, QSL Managing Director and CEO**

Dear Grower,

QSL will re-enter mediation regarding our On-Supply Agreement (OSA) with Wilmar tomorrow morning under the guidance of former Queensland Supreme Court Judge the Honourable Richard Chesterman AO RFD.

As outlined in our update on the Wilmar OSA yesterday, the key issue in contention is Wilmar's proposal to deliver GEI Sugar tonnage to QSL calculated on Actual CCS rather than Relative CCS, which would result in lower QSL Advances payments to Wilmar Growers during the early months of the harvest and less sugar for QSL to market during this period.



Greg Beashel, QSL Managing Director and CEO

To be clear, the key points of this issue are:

- Up until this point, including in Wilmar's marketing material and the Cane Supply Agreements (CSAs) they already have in place with Growers, it has been clear that Wilmar Growers will be paid and have their GEI Sugar calculated on a Relative CCS basis.
- The Term Sheet from 21 November 2016 that Wilmar has referred to in communications was an offer Wilmar sent to Growers without ever being shown to or negotiated with QSL prior to the release to Growers being issued. That offer was not accepted and QSL indicated to Wilmar that it was not consistent with the discussions that had occurred prior to its issue in a number of regards. The parties then continued discussions based on the documents that had been exchanged between them.
- Although Wilmar's release to Growers yesterday indicates that Wilmar is still 'using CCS relativity', Wilmar are actually no longer proposing to calculate cane payments for individual growers based on their Relative CCS during the season as they have done in all past seasons and as every other milling company does. Even worse, Wilmar's proposed conditions to QSL will not allow QSL to advance the same money to Growers as occurred in 2016 and previous seasons.
- Wilmar are no longer proposing to calculate the amount of GEI Sugar delivered to your GEI Sugar Marketer during the season on a Relative CCS basis.

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Wilmar is seeking to dictate to Growers what their rights should be in relation to the quantity of GEI Sugar they can require to be supplied to their choice of GEI Sugar Marketer.

As such, QSL sought Wilmar's agreement to include Grower representatives in the mediation scheduled to occur tomorrow, but despite numerous requests from QSL and Growers, Wilmar has refused to let Grower representatives participate.

We have proposed a number of options to address the issue at hand and remain hopeful that tomorrow's mediation will provide an opportunity to progress these and resolve this matter as quickly as possible.

Regards,

A handwritten signature in black ink, appearing to read 'Greg Beashel', is written over a light blue horizontal line.

Greg Beashel
QSL Managing Director and Chief Executive Officer

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