

2017 MARKETING CHOICE

22 February 2017

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

Dear Grower,

QSL met with Wilmar yesterday for the latest round of On-Supply Agreement (OSA) negotiations and I'm pleased to report that it was a productive meeting. After months of little progress, Wilmar has changed its position on a number of outstanding issues, including sticking points regarding the production of other brands and the appointment of the testing laboratory.

While it is disappointing that it seems to have taken the threat of regulatory intervention to prompt this breakthrough, Wilmar's revised proposal is a welcome development. We are now assessing these new terms and consulting with stakeholders in order to identify the implications for growers and our business, with the intention responding to Wilmar in the coming days.

It is important to note that although Wilmar's latest OSA proposal has made some substantial concessions, it does not resolve all of the outstanding issues. For example, the term of the agreement, the price QSL pays Wilmar for a Grower's Economic Interest in sugar (GEI Sugar) and a way to accommodate crop liens within the payment mechanism demanded by Wilmar are all issues where we are yet to reach agreement. And even on those issues where we have agreed to terms, the devil is in the detail, with the transition from the agreement of key threshold items to a detailed contract likely to be a challenging process in itself.

Guiding us through this process is our commitment to act in the best interests of the industry we serve. Wilmar Growers have given us very clear feedback regarding key OSA terms. We remain focused on ensuring the Wilmar OSA ultimately secured reflects this feedback while also effectively delivering the Marketing Choice these growers have fought so hard to access.

Regards,



Greg Beashel
QSL Managing Director and Chief Executive Officer



Greg Beashel, QSL Managing Director and CEO

Visit www.qsl.com.au for details