

2017 MARKETING CHOICE

9 May 2017

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

Dear Grower,

During our recent On-Supply Agreement (OSA) negotiations with Wilmar, it has emerged that Wilmar is seeking to redefine Growers' Economic Interest in sugar (GEI Sugar) and, as a result, deliver less tonnes of sugar to QSL at the start of the season.

Under their proposal, Wilmar is seeking to deliver GEI Sugar tonnage to QSL calculated on Actual CCS rather than Relative CCS, and change the way cane payments are calculated – a major departure from standard industry arrangements, including all of Wilmar's previous Cane Supply Agreements (CSAs) and the way we understand all other milling companies pay growers. Such a change would result in lower Advances payments to Wilmar Growers choosing QSL and less sugar for QSL to market during the early months of the harvest.

We strongly refute Wilmar's claim that this position was consistently in documents provided since October 2016. It has never been the subject of any of the negotiations between QSL and Wilmar prior to Wilmar providing a first draft of the OSA following the mediation. We also believe Growers have an expectation that Wilmar would extend long-standing industry arrangements regarding Relative CCS to the GEI Sugar Marketers working on the Growers' behalf. In particular, Wilmar's position is not reflected in any of the CSAs Wilmar has signed to date, nor is it included in any of the draft CSAs Wilmar has provided Growers to date.

QSL has made considerable concessions to Wilmar throughout the extended negotiation of the OSA and we will continue to seek a resolution to this matter. However, we remain convinced that the implications of this significant change are not in the interests of the industry we serve, nor those Wilmar Growers who seek to access the Marketing Choice they have fought so hard to secure.

Regards,



Greg Beashel
QSL Managing Director and Chief Executive Officer



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