

Contract for the Sale of Wool to The New Zealand Merino Company Limited ("NZM")

Vendor :	Contract Reference :
Address :	Details :
Phone :	Fax:
Email :	Grower Account Code :

Wool Specifications:

Brand:
Equiv. last season :

Special Conditions : See Special Conditions attached

Micron Target :	avg (by Laserscan)	Micron Range :	min	max (by Laserscan)
Length Target :		Length Range :	mm min,	mm max(staple)
VM Target :	% max			
Minimum Yield :	%	Colour :		
Staple Strength, >	N/Ktex	Style Grade :		
Agreed Quantity :	Bales	Net kg (min) :	kg greasy/bale (min avg weight)	
Packaging :	Pack type	Net kg (max) :	kg greasy/bale (max avg weight)	
Quality Assurance :				

Price and Payment:

Purchase Price : c/kg clean (SD Yield)
Price Range :

Less Costs :	(1)	c/kg greasy (includes wool handling, quality assurance, less value of grab sample(s))
	(2)	NZM marketing and innovation fee at the prevailing rate
	(3)	PGP grower fees
Less 3rd Party Costs :	(4)	Insurance
	(5)	Wool testing fees

Payment Date : (Further terms relating to price and payment are set out overleaf)

Delivery

Delivery Date :
Delivery Premises :
Details of third party securities granted :
(Mark N/A if not applicable)
(Further terms relating to delivery are set out overleaf)

Agreement : The Vendor agrees to sell and NZM agrees to purchase wool ("the Wool") on the Terms and Conditions set out in the contract. The General Terms & Conditions set out overleaf form part of this contract.

Signed on behalf of the Vendor

SIGNED: _____

NAME: _____

DATE: _____

Signed on behalf of The New Zealand Merino Company Ltd

SIGNED: _____

NAME: _____

DATE: _____

Note: Please sign and return to NZM. One copy will be returned to the Vendor once signed by NZM.



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Address :
Phone :
Email :

Fax:

Contract Reference :
Details :
Grower Account Code :

Brand:
Equiv. last season :

Special Conditions : **EXCLUSIVITY**

1. The vendor will supply all of the wool for sale from each clip to NZM and no other party.
2. Any wool in a clip that is not required by NZM under this contract (or other contract between the parties) will be sold through the NZM auction (but not NZM's Auction Services division), or another sale process as agreed upon by the parties.

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3. The vendor will comply with all requirements of the New Zealand Animal Advisory Committee's Codes of Animal Welfare for animals on their property, the Resource Management Act 1991, the Employment Relations Act 2000, and the Health and Safety in Employment Act 1992, as amended from time to time and any Codes or Legislation enacted in substitution thereof.
4. The vendor agrees that they will not engage in the practice of mulesing on their property after 31 December 2010, and will supply all wool under this contract from animals that have not been mulesed after 31 December 2010.
5. At the direction of NZM the vendor will participate in audits to establish that it has complied with special conditions 3. and 4. and the vendor will allow NZM or its appointed auditor access to any property that is required to carry out such audits.
6. The vendor agrees that the fact that it supplies wool to NZM under this contract is not confidential. The vendor will provide a profile of their property to NZM in a format that will be supplied by NZM ("the Profile"). The vendor consents to both the fact that it has supplied wool to NZM and the Profile being made publicly available by NZM, at NZM's discretion, and without any compensation being paid by NZM to the vendor.

FAILURE TO COMPLY WITH SPECIAL CLAUSES

7. If the vendor breaches any of special conditions 1, 2, 3, 4, 5 or 6 then NZM, in its absolute discretion, can cancel this contract, and in the instance of breach of special conditions 1 and 2 cancel any or all contracts that it has with the vendor, in accordance with clause 5 of the General Terms and Conditions of contract.
8. The liabilities of the vendor and remedies available to NZM upon breach of this contract by the vendor will include, without limitation, those liabilities and remedies contained in clause 5 of the General Terms and Conditions of Contract and the vendor will be liable to NZM for all losses NZM suffered as a result of the breach of contract: those losses including without limitation the cost to NZM of obtaining replacement wool, and/or damages incurred by NZM in lieu of such replacement wool being available and/or loss of profit on any sale.
9. NZM will not be liable to the vendor for any such loss the vendor suffers as a result of cancellation of this contract under special condition 7.

Signed on behalf of the Vendor

SIGNED: _____

NAME: _____

DATE: _____

Signed on behalf of The New Zealand Merino Company Ltd

SIGNED: _____

NAME: _____

DATE: _____

Note: Please sign and return to NZM. One copy will be returned to the Vendor once signed by NZM.

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GENERAL TERMS AND CONDITIONS

Except as defined below, words that are capitalised in these general terms and conditions have the meanings set out on the front page of this contract

1. COMPLIANCE WITH WOOL SPECIFICATIONS

- 1.1 The wool delivered by the Vendor must comply with the Wool Specifications set out overleaf.
- 1.2 The Wool will be forwarded by The New Zealand Merino Company Limited ("NZM") to an accredited representative of the New Zealand Wool Testing Authority ("the Tester") for testing for compliance with the Wool Specifications as soon as practicable after delivery of the Wool to NZM.
- 1.3 The determination of the Tester as to the compliance of the Wool with the Wool Specifications will be final and binding on both NZM and the Vendor.

2. VARIATION IN WEIGHT

- 2.1 The Wool will be weighed by NZM or an authorised agent of NZM upon delivery to NZM.
- 2.2 A variation in the weight of the Wool delivered of more than 5% of the Agreed Quantity will constitute a failure to comply with the Wool Specifications, and the provisions of clause 5 will apply as appropriate, subject to clause 2.3.
- 2.3 For the avoidance of doubt, where the weight of the Wool supplied is more than 5% above the Agreed Quantity, clause 5 will only apply in respect of the amount of Wool that exceeds 105% of the Agreed Quantity ("the Excess Wool"), except to the extent (if any) that NZM elects to accept the Excess Wool in accordance with clause 3.3.

3. DELIVERY AND ACCEPTANCE

- 3.1 The Vendor shall deliver the Wool to the Delivery Premises on or before the Delivery Date. Time will be of the essence in delivery.
- 3.2 If the Agreed Quantity of Wool has been delivered to NZM, acceptance of the Wool will occur upon receipt by NZM of test results from the Tester that confirm that the Wool complies with the Wool Specifications.
- 3.3 If the Agreed Quantity of Wool is not delivered NZM may, at its sole discretion, elect to (but is not obliged to) accept the wool delivered pursuant to this contract provided that the wool delivered otherwise complies with the Wool Specifications and Special Conditions of this contract ("the Special Conditions").
- 3.4 Within 10 days of the date that the test results are received by NZM, NZM will notify the Vendor whether the Wool has been accepted (pursuant to clause 3.2 or clause 3.3) and will provide a copy of the test results to the Vendor.
- 3.5 Where the Excess Wool is delivered and not accepted by NZM under clause 3.3:
 - (a) If directed by NZM, the Vendor will arrange the immediate collection from the Delivery Premises of the Excess Wool that is not accepted.
 - (b) The Vendor will reimburse NZM for all the costs incurred by NZM in respect of the Excess Wool that is not accepted by NZM within 7 days of notification by NZM of those costs.
 - (c) NZM may at its discretion elect to sell, on behalf of the Vendor (by auction or as otherwise agreed) the Excess wool that is not accepted by NZM.
 - (b) Where NZM exercises its discretion and sells the Excess Wool not accepted by NZM the Vendor will reimburse NZM for all the costs of selling the Excess

wool (less any sale proceeds received by NZM from the sale of that wool), within 7 days from the date that the Excess Wool delivered by the Vendor and not accepted is sold by NZM.

4. PRICE AND PAYMENT

- 4.1 The Price shall be calculated on the Purchase Price per c/kg clean (Schlumberger Dry Yield - to IWTO - 19 and the Core Test Regulations, both as defined in the International Wool Textile Organisation Blue Book Arbitration Agreement and Other International Agreement) ("IWTO Blue Book") less the Costs and the 3rd Party Costs incurred as set out on the front page of this contract ("the Price").
- 4.2 Any variation of the micron of the Wool from the Micron Target but within the Micron Range will be reflected by an adjustment to the Price calculated in accordance with the Price Adjustment figure completed on the front page of this contract.
- 4.3 NZM shall pay the Price to the Vendor by crediting the Vendor's customer account with NZM.
- 4.4 Payment of the Price shall be made within 14 days from the date of acceptance, unless the payment date is otherwise specified on the front page of this contract, in which case payment shall be made by NZM on that date.

5. FAILURE TO COMPLY

- 5.1 The Vendor agrees that if:
 - (a) The Vendor fails to comply with the General Terms and Conditions of this contract (including that the Wool does not comply with the Wool Specifications or is not delivered by the Delivery Date); or
 - (b) The Vendor fails to comply with any of the Special Conditions;NZM may at its absolute discretion:
 - (i) Terminate this contract (or any other contract allowed to be cancelled under the Special Conditions) by giving notice in writing to the Vendor; and/or
 - (ii) Purchase replacement wool from elsewhere in order to meet its obligations under any agreement it has entered into in reliance on the cancelled contract.
- 5.2 Where NZM terminates this (or other) contract pursuant to clause 5.1(i):
 - (a) If directed by NZM, the Vendor will arrange the immediate collection from the Delivery Premises of any wool that has been delivered to NZM but which does not comply with these contractual terms (including the Special Conditions).
 - (b) The Vendor will reimburse NZM for all the costs incurred by NZM in respect of that non complying wool (including without limitation any testing costs, insurance and storage fees) within 7 days of notification by NZM of those costs.
 - (c) NZM at its absolute discretion can elect to mitigate its loss by selling on behalf of the Vendor (by auction or as otherwise agreed) the Wool that has been delivered to NZM but which does not comply with these contractual terms and the Vendor will reimburse NZM for all the costs of selling any wool (less any sale proceeds received by NZM from the

sale of that wool), within 7 days from the date that the wool delivered by the Vendor is sold by NZM.

(d) NZM will not be liable to the Vendor for any loss the Vendor suffers as a result of cancellation of this (or other) contract under clause 5.1(i).

5.3 Where NZM purchases replacement wool pursuant to clause 5.1 (ii):

(a) the Vendor will reimburse NZM for the costs associated with any replacement wool purchased by NZM, within 7 days of the purchase by NZM of replacement wool.

(b) NZM at its absolute discretion can elect to mitigate its losses by selling the Wool that has been delivered to NZM but which does not comply with these contractual terms and the Vendor will reimburse NZM for all the costs of selling any wool (less any sale proceeds received by NZM from the sale of that wool), within 7 days from the date that the wool delivered by the Vendor is sold by NZM.

5.4 Where the Vendor fails to comply with any of the Terms and Conditions of the contract NZM shall be entitled, without prejudice to any other rights and remedies, to recover from the Vendor reimbursement of any costs incurred and/or of loss or damage suffered by NZM as a result including (but not limited to):

- (i) the purchase of replacement wool; and/or
- (ii) loss suffered as a result of such replacement wool not being available; and/or
- (iii) the loss of profit on any sale.

5.5 Without limiting any other rights of NZM against the Vendor, the Vendor agrees that NZM may set off or deduct any amount owing to, and/or costs incurred by, and/or amounts equivalent to loss or damage suffered by, NZM as a result of the Vendor being in breach of any of its obligations under this contract from moneys held by NZM on behalf of the Vendor in relation to any transaction whatsoever.

6. INSURANCE

6.1 NZM will arrange insurance of the Wool on behalf of the Vendor against loss or damage from the time the Wool is clipped from the sheep's back until acceptance of the Wool.

6.2 The cost of such insurance will be included in the 3rd Party Costs deducted from the Price.

7. TITLE AND RISK

Title to, and risk in, the Wool will remain with the Vendor until NZM has accepted the Wool in accordance with clause 3.2 or clause 3.3, at which point title and risk will pass to NZM

8. FORCE MAJEURE

8.1 Neither the Vendor nor NZM will be required to perform its obligations under this contract in the event of fire, accident, earthquake, industrial dispute, act of war, outbreak of disease beyond the reasonable control of the Vendor, or other natural disaster which materially affects the ability of the Vendor to deliver the Wool, for so long as that event continues.

8.2 Where either party is unable to perform its obligations due to the continuation of any event described in clause 9.1 for longer than one month, either the Vendor or NZM may cancel this contract on 14 days' written notice to the other party.

9. DISPUTE RESOLUTION

9.1 Except where a party seeks urgent interlocutory relief, and without limiting the remedies available to NZM under clause 5 arising out of a breach of contract by the Vendor, if any dispute arises out of or in relation to this Deed a party to the contract cannot commence any proceedings unless it has complied with the following clauses.

9.2 A party claiming a dispute will promptly provide written particulars of the dispute to the other party ("the Dispute").

9.3 On receipt of a notice of the Dispute all parties to the contract must endeavour in good faith to resolve the Dispute using informal dispute resolution techniques such as mediation, expert evaluation or determination.

9.4 If the parties do not agree within 10 working days of receiving a notice of the Dispute as to:

- (a) The dispute resolution technique and process to be adopted; and
- (b) The timetable for the steps in the procedure; and
- (c) The selection and remuneration of any independent person to assist with the dispute resolution process.

the parties must mediate the Dispute in accordance with the procedures of the Arbitrators and Mediators Institute of New Zealand Inc (AMINZ) and the President of AMINZ or the President's nominee will select the mediator and determine the mediator's remuneration.

10. GENERAL

10.1 The Vendor acknowledges that NZM enters into this contract as a principal on its own behalf.

10.2 The Vendor may not assign this contract, in whole or part, without the prior written consent of NZM.

10.3 The terms of this contract may not be altered or varied except in writing signed by both NZM and the Vendor.

10.4 No failure to exercise any right or remedy by a party shall be effective as a waiver of that or any other right or remedy available to that party, and shall not prejudice that party's rights in exercising that or any other right or remedy.