

**LACTALIS-MAINLAND DAIRY**  
**STANDARD TERMS OF PURCHASE**  
**SRI LANKA**

Effective 1 April 2026



**1. WHEN THESE TERMS APPLY**

1.1 We will buy from you, and you will sell to us Goods and/or Services on these terms and conditions (**Terms**). These Terms apply to every sale and purchase between you and us.

1.2 These Terms supersede and exclude all prior or subsequent discussions, representations, terms or conditions of trade, all prior written or oral agreements and understandings between you and us, and any other terms and conditions that you seek to apply to the supply of Goods and/or Services to us, whether by way of incorporation into your quotation, proposal, standard terms or otherwise.

**2. GOODS & SERVICES**

2.1 We buy the Goods and/or Services on a non-exclusive basis, and we do not warrant or represent that we will buy any minimum quantities.

2.2 We are only committed to buy and pay for Goods and/or Services when we accept your offer to supply in writing, including by sending you a Purchase Order.

2.3 We may, by written notice to you, request changes to the Goods and/or Services. If the change we request materially affects the agreed Price, Specifications or KPI, you and we must seek to agree a reasonable adjustment to the Price prior to the change taking effect. If you and we cannot agree to the requested change, either you or we may give the other at least three months' notice to terminate these Terms.

2.4 You must supply Goods and/or Services that meet the Specifications and the KPI, and we must accept and pay for the Goods and/or Services we have ordered if they meet the Specifications and KPI and you have complied with these Terms.

2.5 When supplying the Goods and/or Services and complying with your obligations under these Terms, you must at a minimum, exercise the degree of care, skill, diligence and foresight which would reasonably and ordinarily be expected from a skilled and experienced contractor engaged in the same type of undertaking under the same or similar circumstances and being a contractor who is familiar with and experienced in practices which are

generally recognised internationally as being applicable to such an undertaking.

2.6 You must comply and must ensure that the Goods and/or Services comply with all applicable law, codes, standards, any of our applicable Policies and any other reasonable standards or requirements communicated to you from time to time and you must provide all relevant documentation reasonably required by us to meet legal requirements or otherwise.

2.7 You must comply with our reasonable directions in supplying the Goods and/or Services, including any of our site access and security requirements, safety requirements and law.

2.8 You must not subcontract any part of your obligations under these Terms without our prior written consent. If you subcontract, you must ensure that the subcontractor complies with these Terms as if they were you, and you remain liable to us for the subcontractor's acts and omissions as if they were your own.

2.9 You must work with us in good faith to reduce all costs relating to the supply of the Goods and/or Services to the extent reasonably possible. Any cost savings will see a proportionate reduction in the Price under these Terms.

2.10 You must hold and maintain insurance cover with a reputable insurer on such terms as we specify, or if we do not, then insurance on such terms that a prudent experienced contractor engaged in the same type of undertaking under the same or similar circumstances would hold and maintain. You must provide us with reasonably satisfactory evidence of the currency of that insurance on request, and inform us if your insurance is withdrawn, ceases, changes or has been exhausted by claims.

2.11 We have the right, acting reasonably, to approve or reject the equipment, plant, factory or other premises used by you in connection with the manufacture of the Goods.

**3. DELIVERY**

3.1 You must deliver the Goods and/or Services in accordance with the delivery terms and on the dates specified in the Purchase Order. Unless otherwise stated in

**LACTALIS-MAINLAND DAIRY**  
**STANDARD TERMS OF PURCHASE**  
**SRI LANKA**

Effective 1 April 2026



- the Purchase Order you must deliver on DDP (Incoterms).
- 3.2 Dates or timeframes stated in writing for delivery are of the essence. Without limiting any of our other rights and remedies, we may charge you reasonable and properly incurred storage and transportation expenses if you fail to deliver Goods and/or Services at the times stated. You must indemnify us against any loss, damage, injury, penalties, and expenses (including legal expenses) arising from such delay.
- 3.3 If you make part, or fail to make, delivery of the total quantities of Goods as stated on the Purchase Order, we may cancel the entire order at no cost to us and we may return any part delivered Goods to you at your cost.
- 3.4 We may vary the delivery time and/or the delivery address at any time prior to Delivery by providing you with reasonable notice of those changes, provided the variation does not materially increase your cost of supplying the Goods and/or Services. If it does materially increase your cost, then you and we must seek to agree a reasonable adjustment to the Price prior to the change taking effect. If you and we cannot agree to the requested change, either you or we may give the other at least 3 months' notice to terminate these Terms.
- 3.5 We may carry out any reasonable acceptance tests of any Goods and/or Services or any part thereof. If any Goods and/or Services fail any acceptance test you must at your cost immediately remedy any issue identified, such that the Goods and/or Services pass that acceptance test. We may require you to replace at your cost or provide us with a refund for Goods and/or Services that fail any acceptance test. You must assist us with testing as requested.
- 3.6 If the Purchase Order requires installation or other Services, those services must be completed by the date set out in the Purchase Order, or if not specified, in accordance with best practice and with minimum disruption to us.
- 4. PRICE AND TAXES**
- 4.1 The Price is as stated in the Purchase Order (unless otherwise agreed in writing) and is the only amount we must pay.
- 4.2 All prices and amounts we must pay are inclusive of all duties, fees, imposts, levies and taxes, including Sales Tax.
- 5. INVOICING AND PAYMENT**
- 5.1 Unless otherwise required by law, we must pay for any Goods and/or Services delivered in accordance with these Terms on the first business day two months from the first day of the month following the date of your invoice. The invoice must be received by us by the 15<sup>th</sup> day of the month following supply of the Goods or Services to which the invoice relates. Invoices must refer to the relevant Purchase Order number and be sent to the address specified on the Purchase Order.
- 5.2 If we dispute the invoice, we will notify you in writing, and we are not required to make payment of the disputed invoice, until the dispute has been resolved. You must issue a new invoice for the undisputed amount, which we will pay in accordance with 5.1.
- 5.3 If you owe us money in connection with these Terms and we owe you any money, we may set off the amount you owe us against the amount that we owe you and pay you the resulting net amount or seek payment from you of the net amount, as appropriate.
- 6. RISK AND TITLE**
- 6.1 Title in all Goods (including any goods supplied in connection with Services) passes to us on Delivery, or when we make payment, whichever is the earlier.
- 6.2 Risk in the Goods and/or Services remains with you until Delivery (in respect of Goods) or completion of the Services (in respect of Services) or our acceptance, whichever is the later.
- 6.3 The receipt or signing of a delivery order by our staff, officers, contractors or agents is not acceptance of either the quality or quantity of the Goods and/or Services.
- 6.4 Our acceptance of any Goods and/or Services is subject to our inspection and subsequent use of the Goods and/or Services.
- 7. YOUR WARRANTIES**
- 7.1 You warrant and must ensure that you hold all necessary consents, permits and licences to supply the Goods and/or the Services. If we require a licence to use any part of the Goods and/or Services as

**LACTALIS-MAINLAND DAIRY**  
**STANDARD TERMS OF PURCHASE**  
**SRI LANKA**  
Effective 1 April 2026



- 7.2 You warrant, and must ensure, that the Goods and/or Services are:
- (a) of merchantable quality and fit for expected use;
  - (b) free from defect in design, materials and workmanship, are fully compliant with the Specifications and not emit any contaminant or hazardous substance;
  - (c) free from any liens, charges, security interests or any other encumbrances;
  - (d) new and unused on delivery, and if a shelf or calendar life or utilisation life is applicable, at least 95% of such life remains on Delivery; and
  - (e) our ownership, possession, use or resale of any Goods or the use or result of Services supplied by you will not infringe any proprietary or other intellectual property right or interest of any person.

7.3 The warranties in this clause 7 are additional to any other warranties given by you or implied by custom or law, whether statutory or otherwise. You must pass on to us the benefit of any warranty relating to the Goods and/or Services received from any other person such that we have recourse against those persons either directly, or through you.

7.4 You must promptly remedy each warranty claim to our reasonable satisfaction. Warranties start again for the full period on completion of remedying each defect. Without limitation to any other provision of these terms, if any defect which is a breach of a warranty results in us not receiving the expected performance or value from the Goods and/or Services then you must at your own cost promptly replace the Goods and/or Services, with a full warranty, if requested by us.

**8. INDEMNITIES**

8.1 You indemnify us, and must keep us indemnified, against all Claims and Losses and Consequential Loss made against us or incurred by us to the extent caused or contributed to by you or any of your officers, employees, agents,

representatives or contractors in connection with:

- (a) a breach of applicable law or regulatory requirements, including those related to food safety and labelling;
- (b) a failure to take reasonable precautions either to bring to the attention of any potential users of the Goods and/or Services any dangers associated with the Goods and/or Services, or to detect any matters in relation to which we may become liable;
- (c) any fraud, negligent act or omission or breach of duty;
- (d) any claims from parties whose property has been incorporated, processed or commingled into the Goods and/or Services;
- (e) a breach of a warranty set out in clause 7; and
- (f) a breach of an obligation of confidentiality.

8.2 We must indemnify you, and must keep you indemnified, against all Claims and Losses and Consequential Loss made against us or incurred by us to the extent caused or contributed to by us or any of our officers, employees, agents, representatives or contractors in connection with:

- (a) a breach of applicable law or regulatory requirements;
- (b) any fraud, negligent act or omission or breach of duty; and
- (c) a breach of an obligation of confidentiality.

8.3 The indemnities in 8.1 and 8.2 are continuing indemnities and are in addition to any rights or remedies you or we may have or may exercise against the other.

**9. LIMITATION OF LIABILITY**

9.1 Except as otherwise agreed in writing, neither you nor we are liable for any Consequential Loss.

9.2 Except as otherwise agreed in writing, but subject to any statutory law that cannot be excluded, our maximum total liability to you is limited to the Price payable in respect of the relevant Purchase Order.

**10. RECORD KEEPING, REPORTING & AUDITS**

10.1 You must keep, maintain and promptly provide to us on request, accurate and

accessible records and information necessary to enable our verification of your compliance with these Terms and each supply of the Goods and/or Services or any other matter contemplated by these Terms including, where applicable, sufficient information to trace Goods back to individual manufacturing batches, logistics chains, deliveries, and/or any other point reasonably requested by us.

- 10.2 You must promptly provide us with written Reports in the form and at times reasonably requested by us.
- 10.3 We may, at reasonable times, on reasonable notice, and at our sole cost, audit your performance of your obligations under these Terms. You must provide us with access to all reasonably requested information, records, personnel and premises to conduct that audit.
- 10.4 You and we must meet at such time and place as the other reasonably requests to discuss matters in connection with these Terms, except for disputes which are dealt with in clause 13.

**11. BREACH & TERMINATION**

- 11.1 Either you or we (the "non-breaching party") may terminate these Terms immediately if the other (the "breaching party"):
- (a) is in material breach of these Terms and has not remedied the material breach within 30 days of a written notice of breach sent by the non-breaching party; or
  - (b) is in material breach of these Terms and the material breach is incapable of remedy; or
  - (c) the breaching party ceases to carry on all or substantially all of its business, is, becomes, or is deemed to be, unable to pay its debts, insolvent or bankrupt, goes into receivership or liquidation or any like occurrence arises, or any steps are taken to initiate any of these.
- 11.2 The exercise of the right to terminate is without prejudice to and is in addition to the non-breaching party's other rights.
- 11.3 Termination does not affect your or our rights and obligations that arose or accrued prior to the date of termination.

**12. FORCE MAJEURE EVENTS**

- 12.1 A party is not liable for failing to perform its obligations under these Terms to the extent that the failure is caused by a Force Majeure Event.
- 12.2 If a Force Majeure Event occurs, the affected party must promptly notify the other party in writing, stating the expected duration and impact, and must take reasonable steps to reduce the impact.
- 12.3 While the Force Majeure Event continues, the affected obligations are suspended to the extent they cannot be performed.
- 12.4 If a Force Majeure Event continues for more than 30 days, either party may cancel any affected orders on written notice, without liability to the other, except for any Goods and/or Services Delivered or performed before cancellation.

**13. DISPUTES**

- 13.1 If a dispute arises under these Terms, you and we must first try to resolve it through good-faith discussions between operational representatives.
- 13.2 If the dispute is not resolved within 7 days, either you or we may escalate it to your and our senior executives (such as a General Manager or Director), who must meet and try to resolve the matter.
- 13.3 If the dispute is still not resolved after senior-executive discussions, then any doubt, difference, dispute, controversy or claim arising from, out of or in connection with these Terms, or on the interpretation thereof or on the rights, duties, obligation, or liabilities of any parties thereto or on the operation, breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the Rules of the Arbitration Centre of the Institute for the Development of Commercial Law and Practice. The place of arbitration must be Colombo. The tribunal must consist of one arbitrator. The language of the arbitration must be English.
- 13.4 Nothing in this clause 13 prevents you or us from seeking urgent injunctive or other interlocutory relief from a court where necessary to protect your or our rights.

**14. CONFIDENTIALITY & INTELLECTUAL PROPERTY**

- 14.1 You and we must keep all confidential information given by the other secure and

**LACTALIS-MAINLAND DAIRY**  
**STANDARD TERMS OF PURCHASE**  
**SRI LANKA**

Effective 1 April 2026



- confidential, and use it only as needed to perform the obligations under these Terms.
- 14.2 Neither you nor we may disclose confidential information given by the other to anyone unless both you and we agree in writing, or the disclosure is required by statutory law, or a binding order of a court or tribunal with appropriate jurisdiction.
- 14.3 If either you or we ask the other to do so, the confidential information must be immediately returned or destroyed, and a written confirmation must be given.
- 14.4 All intellectual property in or relating to the Goods and/or Services, including any design, data, specifications, know-how or any other form of intellectual property, that is:
- (a) supplied by us to you; or
  - (b) specifically developed for us as part of the supply of the Goods and/or Services,
- is our property.
- 15. GENERAL**
- 15.1 Jurisdiction & Governing Law: These Terms, Purchase Orders and any connected document, dispute or matter is governed by the law of Sri Lanka and subject to clause 13, both we and you submit to the non-exclusive jurisdiction of the courts of Sri Lanka. The United Nations Convention on Contracts for the International Sale of Goods 1980 does not apply.
- 15.2 Privacy: You and we agree to comply with all relevant statutory laws and regulations in respect of any personal information collected, stored, transferred or disclosed in connection with these Terms. Any personal information collected by you or us in connection with these Terms must only be used or disclosed for the purposes of ensuring performance of these Terms or a Purchase Order and any similar future agreements or arrangements. Further information on how we handle personal information may be found in our Privacy Policy.
- 15.3 Severance: If any part of these Terms or a Purchase Order is unlawful or unenforceable, that part will be interpreted as may be necessary to ensure it is not unlawful or unenforceable. If any part of these Terms or a Purchase Order cannot be interpreted in that way, it will be severed and the remaining provisions continue in full force and effect.
- 15.4 No assignment: You must not assign or novate any or all of your rights or obligations under these Terms without our prior written consent, which may be given or withheld in our complete discretion.
- 15.5 Relationship: Nothing in these Terms or a Purchase Order creates, constitutes or evidences any employment relationship, partnership, joint venture or agency between you and us. Neither you nor we have authority to act for, or to incur any obligation on behalf of the other.
- 15.6 Notices: All notices under these Terms must be in writing and delivered to the other party's email or address that the other party specifies from time to time.
- 15.7 Variation: Subject to 15.8 any variation to, or amendment or replacement of, these Terms or any Purchase Order must be agreed by both you and us in writing.
- 15.8 Updating of Terms: We may amend or replace these Terms at any time by informing you (including by publishing amended terms on our website or otherwise making them available online) and the amended Terms will apply in respect of all orders placed by us after you were informed.
- 15.9 Change of control: If you are a company or trust, we may terminate these Terms immediately by notice in writing to you if we reasonably form the view that you have undergone a change of control or other change of circumstance whereby we conclude that we would be dealing with a different party or are subject to different commercial considerations if we were to continue dealing with you. We may also terminate these Terms immediately by notice in writing to you if you sell or transfer all or a material part of your business, assets or undertaking (or agree to do so) without our prior written consent
- 15.10 No waiver: A party's delay or failure to exercise any of its rights or remedies will not be a waiver of any of its rights or remedies.
- 15.11 Rights of related bodies corporate: If any of our related bodies corporate, affiliates or associates is involved in the purchase of Goods and/or Services from you, their acts

**LACTALIS-MAINLAND DAIRY**  
**STANDARD TERMS OF PURCHASE**  
**SRI LANKA**

Effective 1 April 2026



are deemed to be ours and they benefit from these Terms as though they are us (and we hold these Terms in trust on their behalf and may exercise them on their behalf). We are not obliged to tell you about any involvement by them. We also hold these Terms on behalf of our employees, agents, contractors and advisers and may exercise them on their behalf.

15.12 Survival: Clauses 3, 6, 7, 8, 9, 10, 14, 15.1 and 15.12, survive termination or expiry of these Terms, as does any other provision that by its nature or intended purpose is intended to survive expiry or termination. Expiry or termination does not affect a party's rights, remedies, obligations or liabilities that arose, accrued or existed at the date of expiry or termination.

**16. DEFINITIONS & INTERPRETATION**

16.1 In these Terms:

**Ancillary Goods Services** means services supplied as an integral part of the supply of Goods, including delivery, installation, configuration, integration, testing, commissioning, training, documentation and maintenance, to the extent those services are performed for the purpose of enabling the Goods to be delivered, installed or made operational.

**Claims and Losses** means all claims, suits, actions, demands, loss, liability, costs, taxes, fees, charges, expenses including legal expenses on a full indemnity basis, judgments and awards, but excludes Consequential Loss.

**Consequential Loss** means a claim for loss and damage that is special, indirect, punitive, or exemplary, including claims for economic loss or damage, loss of contract, loss of production or from production stoppage, or loss of profit and loss of revenue or opportunity, regardless of whether the likelihood of that loss or damage was known or ought to have been reasonably known.

**Delivery** means:

(a) in respect of Goods, the moment the Goods are delivered to the named place of delivery in accordance with the delivery term specified in the relevant Purchase Order (and, if no delivery term is specified, DDP (Incoterms) applies under 3.1); and

(b) in respect of Services and Ancillary Services, the completion of performance of the Services (and delivery to us of any deliverables comprised in the Services or Ancillary Services) in accordance with the relevant Purchase Order and these Terms, at the location (if any) specified in the Purchase Order.

**DDP** means delivered duty paid as defined in Incoterms.

**Force Majeure Event** means an event beyond a party's reasonable control, including natural disasters, pandemics, epidemics, government restrictions, labour shortages, industrial action, transport failures, utility outages, and supply-chain disruptions.

**Goods** means all goods, materials, equipment, machinery, products, supplies and other items to be supplied under these Terms, including:

- (a) tangible goods, whether new or used;
- (b) intangible property supplied as goods, including software (whether embedded, downloadable or otherwise provided), data, digital content and firmware;
- (c) any components, accessories, spare parts, consumables, replacements or upgrades forming part of or necessary for the proper use of the Goods; and
- (d) any Ancillary Goods Services, but does not include Services supplied independently of Goods unless expressly stated otherwise.

**Incoterms** means the International Chamber of Commerce's Incoterms 2020.

**KPI** means any key performance indicators agreed in writing between you and us.

**Lactalis-Mainland Dairy Company** means one or more of the Sri Lanka companies bearing company registration number PV19100 (also known as Fonterra Brands Lanka (Private) Ltd) or any related Sri Lanka company that appears on a Purchase Order.

**law** means any law, by-law, legislation, rule, standard, regulation, registration, code, requirements or relevant good industry practice applicable to goods and services

**LACTALIS-MAINLAND DAIRY**  
**STANDARD TERMS OF PURCHASE**  
**SRI LANKA**

Effective 1 April 2026



equivalent to, or incorporating, the Goods and/or Services.

**LMD** means Lactalis-Mainland Dairy Company.

**Policies** means the policies, codes of practice, health and safety and operational requirements (including any LMD alcohol and other drug policies) we communicate to you from time to time (including by publication on our website or otherwise making them available online).

**Privacy Policy** means our policy relating to the collection, use, storage, transfer and disclosure of personal information, as may be updated from time to time, that we give or make available to you, including by publishing amended terms on our website or otherwise online.

**Purchase Order** means our purchase order (including any statement of work or order schedule) issued to you and accepted in accordance with clause 2.2.

**Price** means the price stated in the relevant Purchase Order, as adjusted in accordance with these Terms.

**Reports** means reports and information including audit reports, manufacturing specifications, product analysis certificates, testing certification and documentary records relevant to the manufacture and supply of the Goods and the supply of the Services.

**Sales Tax** means any tax or levy of a sales, value added or goods and service nature applicable to the sale or supply of any Goods and/or Services from time to time under the law applicable to those Goods and/or Services and these Terms and includes stamp duty on these Terms or any transaction contemplated by them.

**Services** means all services to be performed or supplied under these Terms, including:

- (a) professional, technical, advisory, consultancy, maintenance, support, operational or managed services;
- (b) services involving the creation, development, modification, configuration or support of intangible deliverables, including software, data, reports, designs, specifications and other work products;

- (c) maintenance, support, training or other services supplied on a standalone basis or independently of any Goods; and

- (d) any other services expressly described as Services in these Terms or a Purchase Order,

whether provided on a once-off, recurring or ongoing basis.

**Specifications** means the description and requirements for the Goods and/or Services agreed with us writing, including as set out in an accepted Purchase Order.

**we, our or us** means the Lactalis-Mainland Dairy Company that buys the Goods and/or Services and its officers, employees, agents, contractors and advisers.

**you or your** means the supplier of the Goods and/or Services to us and includes the supplier's agent, contractor, logistics provider, distributor, and representative.

16.2 In these Terms:

- (a) another grammatical form of a defined word or expression has a corresponding meaning;
- (b) the meaning of general words is not limited by specific examples introduced by 'including', 'for example' or similar expressions;
- (c) references to amounts of money are to Sri Lankan currency;
- (d) a rule of construction does not apply to our disadvantage because we prepared these Terms.