

These Conditions apply to all wool auctions arranged by PGG Wrightson Wool, including between Buyers at auction and Vendors (with PGG Wrightson Wool as the Vendor's agent), and between PGG Wrightson Wool and Vendors with effect from 17 December 2020.

1. DEFINITIONS AND INTERPRETATION

1.1. In these Conditions the following words have the following meanings:

Auctioneer means the auctioneer conducting the sale and includes any person acting under, or with the authority of, or as a clerk of, the Auctioneer.

Business Day means a day other than a Saturday or Sunday on which banks are open for business in New Zealand.

Buyer means the purchaser of the wool at the auction.

Catalogue means the catalogue describing wool to be sold at the auction.

Conditions means these Conditions of Sale.

Delivery means the placing of wool on a truck after settlement.

Invoice means the record provided by PGG Wrightson Wool to the Buyer of details and price of Lots purchased.

Lot means a specified number of bales catalogued for sale as one lot.

Outside Storage means the transfer of wool held by PGG Wrightson Wool on behalf of the Buyer to a facility other than one owned or operated by PGG Wrightson Wool.

PGG Wrightson Wool means PGG Wrightson Limited trading as PGG Wrightson Wool or any of its subsidiary companies.

Prompt means 11 a.m. on the eleventh day after the last day of the sale or such later date as may be agreed by the interested parties for any particular sale. If the date is not a Business Day, Prompt will be deferred until 11 a.m. on the next Business Day following that date.

Storage means holding of wool by PGG Wrightson Wool at the Buyer's request and expense for any period commencing on the 19th day after completion of the sale.

Store means a facility where the wool is stored.

Vendor means the owner of the wool at the time of the auction.

1.2. Where the context requires, the conditions are intended to confer, for the purposes of Part 2 Subpart 1 (Contractual Privity) of the Contract and Commercial Law Act 2017, a benefit on the Vendor.

2. VARIATION/LEGAL COMPLIANCE

2.1. PGG Wrightson Wool may amend these terms at any time by sending prospective Vendors and Buyers a copy and/or placing them on PGG Wrightson Wool's website.

2.2. PGG Wrightson Wool, the Vendor and the Buyer will comply with all applicable legislation.

3. CONDITIONS GOVERNING BIDDING

3.1. Bidding will be by outcry only, or such other method announced by the Auctioneer and agreed by those in attendance at the auction before bidding commences.

3.2. The highest bidder will be the Buyer and each Lot will be considered sold on the fall of the hammer and the calling by the Auctioneer of the Buyer's name.

3.3. For each Lot:

- i. the wool is being sold in trade as a supplier;
- ii. the sale is subject to a reserve price;

If different terms apply to different Lots, the Auctioneer before starting the auction of each Lot, will identify which terms apply. An auction for a Lot starts when the Auctioneer invites the first bid from potential participants and ends when the Auctioneer makes it clear that bidding is closed. The Auctioneer may refuse to accept any bids. No person may make an advance in bidding by an amount less than an amount from time to time nominated or directed by the Auctioneer. Any bid may be withdrawn before the end of the auction for that Lot upon notification to and confirmation from the Auctioneer. The Vendor or its agent or the Auctioneer on its behalf (but only one of them) is permitted to make bids less than the reserve price ("Vendor Bids"). The Auctioneer will clearly identify each Vendor Bid as it is received throughout the auction of that Lot.

3.4. The Vendor has the right to direct the Auctioneer to refuse any bid.

3.5. All bids and financial transactions associated with the sale of wool will be advanced or quoted exclusive of GST and the Buyer will pay GST (if applicable).

3.6. If any dispute arises among the bidders for any Lot it will be decided by the Auctioneer, unless one of the bidders in dispute will advance, in which case the Lot will be put up again with the bidding then confined to the disputing bidders. If a dispute cannot be resolved by this method, the dispute will be resolved by majority view of those in attendance at the auction.

3.7. No person will advance at any bidding less than one cent per kilogram of wool.

3.8. The last bidder for any passed Lot will have the first right of refusal of that Lot until three hours after the completion of the day's selling. Until the expiration of that time PGG Wrightson Wool will not trade with any other Buyer for that Lot unless PGG Wrightson Wool

has first consulted with and obtained the approval of the last bidder.

3.9. PGG Wrightson Wool may (if they have reasonable cause) at any time prior to, during or after the sale, request a deposit of 25 percent of PGG Wrightson Wool's estimated value of wools purchased, or likely to be purchased, by the Buyer.

4. SETTLEMENT, DELIVERY AND TITLE

4.1. All payments are to be made by the Buyer without set-off or deduction in immediately available cleared funds at or before Prompt as per the invoice sent to the Buyer from PGG Wrightson Wool.

4.2. The Buyer will not be entitled to Delivery until the wool is paid for in full. Property in, and title to, the wool will be deemed to be transferred to the Buyer when (but not before) the wool has been paid for in full.

4.3. Payment to the Vendor will be made at Prompt at which time the wool will be at the sole risk and expense of the Buyer or any person claiming through the Buyer subject to clause 4.2; except that PGG Wrightson Wool may elect to withhold payment to the Vendor until it has received payment for the wool from the Buyer.

4.4. Each Lot is a separate sale, and PGG Wrightson Wool cannot withhold Delivery of that wool upon settlement if there is any dispute or amount unpaid to the Vendor by PGG Wrightson Wool relating to any other particular Lot.

4.5. If PGG Wrightson Wool does not complete Delivery at Prompt, PGG Wrightson Wool will pay interest (not exceeding PGG Wrightson Wool current bank rate plus 2%) to the Buyer from the expiry of Prompt to the date of Delivery. If the delay in completing Delivery is due to any cause whatsoever over which PGG Wrightson Wool has no control, no interest is payable and no other penalty will accrue. For the purposes of this clause, whether or when PGG Wrightson Wool has been paid by the Buyer is something over which PGG Wrightson Wool has no control.

4.6. Following the sale, the wool, with the consent of the Buyer (the receipt of shipping instructions will imply consent), may be transferred by PGG Wrightson Wool to a dump store and dumped prior to payment without affecting the contract of sale.

4.7. All bales will be in a fit condition for shipping.

5. SERVICE FEE AND CHARGES

5.1. PGG Wrightson Wool will charge the Buyer a delivery and storage fee, on a per bale basis, to cover the cost to PGG Wrightson Wool generated by the Buyer in taking possession of the wool and for services performed by PGG Wrightson Wool for the Buyer.

5.2. The Buyer will pay PGG Wrightson Wool for services requested by the Buyer prior to loading the wool on to transport.

5.3. PGG Wrightson Wool may charge for additional services as required from time to time by the Buyer.

6. MISCELLANEOUS CONDITIONS GOVERNING SALE

6.1. The Standards and Regulations set out by the National Council of New Zealand Wool Interests Incorporated's Code of Practice for Sampling and Testing for Sale of New Zealand Raw Wool will apply.

6.2. Catalogue

6.2.1. Catalogues should be of uniform size and design.

6.2.2. PGG Wrightson Wool warrant conformity of the Catalogue and sample, and that test details have been checked prior to commencement of valuing.

6.2.3. Any alterations to the Catalogue in the form of an errata will be delivered to each Buyer before 4.00 p.m. on the afternoon before each selling day.

6.2.4. Should the PGG Wrightson Wool Catalogue be subject to the issuing of an errata, the existence will be announced by the Auctioneer from the rostrum prior to the selling of the Catalogue.

6.2.5. For each sale, the order of selling will be clearly displayed in the valuing and selling venue.

6.2.6. Abbreviations to be shown in Catalogue are as follows:
BF = any Lots containing Black Fibre
PS = wool containing Pen Stain
MXD = any Lots containing Mixed Length, or Breed, or Micron
BIN WOOL must be identified.

6.3. Grab Sampling

6.3.1. A grab sampled Lot passed at auction by the Vendor or withdrawn from sale after valuing has begun may be re-offered. The grab sample previously displayed for valuing may be used a second time, provided reference is made in the Catalogue to the original Lot number, sale date and the Catalogue description. Alternatively, the wools may be grab sampled a second time and the test certificate reissued after account has been taken of the weight of sample removed which must not exceed one per cent of the total weight of the Lot.

6.3.2. If passed a second time, the wool must be regrabbed again or offered on the basis of description, provided

that the above notification of details is complied with.

6.4. Show Floor

6.4.1. Catalogues will be available for valuing at 8.00 a.m. on the first morning of valuing, but by agreement a later display may be permitted for particular Catalogues where there are three days' valuing.

6.4.2. The valuing venues will be open for valuing from 8.00 a.m. until 5.00 p.m. on those days which are determined for valuing in accordance with the sale roster. Samples will be available until one hour after the completion of the Catalogue on the days of sale for the purpose of checking purchased Lots.

6.4.3. Samples displayed must comprise all the individual grab samples, and provision must be allowed for additional boxes if sample material is too excessive for proper assessment by the Buyer.

6.4.4. Ample provision will be made to separate diverse wools such as Drysdale and wools containing black fibre from other wools which they may contaminate.

6.4.5. Where for any reason samples are withdrawn from the Catalogue, they must be immediately removed from the boxes and replaced into the sample bag and sealed.

6.4.6. "Sorted store sweepings" and "grab samples" may be grab sampled and sold by certificate provided they are catalogued as such.

6.4.7. Dags and excessively muddy Lots may be shown with a 5 kg minimum hand-drawn sample representative of the bulk.

6.4.8. Disputes on the show floor regarding the test certificate results, mixed Lots or any other matters requiring discussion between PGG Wrightson Wool and Buyers should be handled by representatives of both parties. In the case of obviously gross error, Lots in dispute may be withdrawn.

6.5. Cotts

6.5.1. The following notations will be shown in the Catalogue for fleece wools containing cotts and are accepted on the guarantee of PGG Wrightson Wool.

- a. Fleece wools free of cotts – no notation necessary.
- b. Fleece wools which have had cotts removed but still contain cotty point.
- c. Fleece wools containing light coting of 5 percent and up to 10 percent.
- d. Fleece wools containing 10 percent to 20 percent of cotts.
- e. Fleece wools containing in excess of 20 percent of cotts.

6.5.2. The above notations are to be shown in the designated place in the Catalogue.

6.6. Grouped Wools

6.6.1. Wools that have been visually assessed by a qualified PGG Wrightson Wool classer may be grouped and offered as a single Lot. Two grabs must be taken from each bale, and all bales in the grouped Lots must be sampled equally.

6.6.2. Grouped Lots will record the number of sub-lots where the invoice weight note carries the original farm brands and bale numbers. Alternatively, the grouped bales may be renumbered and catalogued under PGG Wrightson Wool type identification number which will also be carried by the invoice weight note.

6.6.3. Where grouped Lots include bin wool, this must be clearly identified in the Catalogue.

6.6.4. Where sub-lots are tested but do not meet objectively matched interlot specifications, the certificate with supporting data will be shown on the valuing box.

6.7. Auction

6.7.1. Dates for auction sales are rostered by the Wool Auction Sales Committee of the New Zealand Woolbrokers' Association.

6.7.2. No sale will comprise more than 2,200 Lots and where more than 1,800 Lots are rostered, a minimum of 400 Lots will be sold on the Wednesday afternoon prior to the rostered sale date. The makeup of these 400 Lots will be determined by the Wool Auction Sales Committee. A maximum of 1,600 Lots will be allowed for two days' valuing.

6.7.3. The minimum bale weights for wool sold at auction will be 100 kg greasy weight and the maximum 200 kg greasy weight.

6.7.4. The correction of a genuine mistake by a Buyer or an Auctioneer will be permitted only at the foot of the page on which it occurred, or at the foot of the next page. However, no correction will be permitted after a meal break in respect of lots sold prior to such breaks, and from the commencement of the second to last page of seventeen or more main lots in the last Catalogue sold on a sale day, a Buyer or Auctioneer is permitted to go back only ten (10 Lots) to claim a mistake.

6.7.5. Any Lots on which mistakes are permitted will then be re-auctioned immediately, however, the Buyer claiming the mistake will state its top price and will not be permitted to re-enter the bidding above that price.

6.7.6. Further, any Buyer in the sale room may claim the Lot at that stated top price.

6.7.7. No brand will be altered on re-offered wools.

6.7.8. Repacked dealers' wools must be identified by an asterisk in the catalogue.

6.8. Transfer of Purchases

6.8.1. A Buyer may transfer any Lot to a registered brokerage client who is:

- A Buyer who does not normally "bid" in its own name in the sale room and makes their purchases through another Buyer, or
- A Buyer not attending a particular sale or series of sales.

6.8.2. PGG Wrightson Wool will keep a register of brokerage Buyers and their permitted clients, and will have the right to refuse or cancel any registration of a permitted client.

6.8.3. The Buyer must give authority to PGG Wrightson Wool for such transfers in the following terms:
"I hereby authorise you to transfer the Lots as shown below for which we were the highest bidder at your sale of to the transferee listed in whose name please make out all invoices and accept from them delivery orders. This authority is without prejudice to your right to make demand on me for the purchase price in accordance with the Conditions of Sale."

6.8.4. Transfers must be advised to PGG Wrightson Wool within 30 minutes after the completion of each Catalogue.

6.9. Sampling

6.9.1. Requests by Buyers for samples of purchased Lots must be in the hands of PGG Wrightson Wool within one hour of the completion of the sale. PGG Wrightson Wool may pass on a charge for sampling to the Buyer, and where Buyers' samples are drawn from the bulk of a pre-sale tested Lot, the responsibility is on PGG Wrightson Wool to advise the test house of the weight of wool removed so the test certificate can be adjusted.

6.10. Storage

6.10.1. PGG Wrightson Wool will provide clean secure storage for Buyers' wool.

6.11. Delivery

6.11.1. PGG Wrightson Wool will make the wool available to the Buyer following settlement as per the shipping/delivery instructions provided by the Buyer. Every attempt should be made by the Buyer to ensure the shipping/delivery instructions are received by PGG Wrightson Wool 48 hours prior to delivery.

6.12. Shipping or Rebranding

6.12.1. Buyers will render shipping instructions of a uniform design to be approved by PGG Wrightson Wool.

6.12.2. Shipping or rebranding or hold instructions should be in PGG Wrightson Wool hands within seven days after the sale, showing the date of sale.

6.12.3. The rebrand will be applied with permanent black ink on the butt end of the bale. Felt pens are not to be used for shipping rebrands.

6.12.4. Shipping rebrands should be a minimum of 75mm (three inches), and should be placed away from the side of the bale to a central position on the butt of the bale to enable shipping rebrands to be more legible when dumped.

6.13. Scoured Wools

6.13.1. When scoured wool is offered at auction, the name of the scouring works will be shown in the Catalogue.

6.13.2. Scoured wool offered at auction will be sold on approved condition test certificate at 16 percent regain.

6.14. Slupe Wools

6.14.1. Slupe wools must be catalogued as such, but any tanners' pieces, clippings, wool waste and other semiprocessed wools which may be contaminated with skins or other material such as synthetic fibre must be suitably catalogued and offered on the same basis as dags, and should be shown at the end of the Catalogue.

7. INSURANCE AND VENDOR STORAGE

7.1. PGG Wrightson Wool will insure the wool against fire, earthquake, war and disaster to the amount of the invoice cost up to the expiration of Prompt or until the wool is paid for, whichever first will happen. The insurance will be for the cost and the interests of the Vendor.

7.2. If settlement is not made by Prompt, insurance on the same conditions and exemptions referred to in clause 7.1, will continue in the interests of the Vendor, but at the Buyer's expense.

7.3. PGG Wrightson Wool will charge the Vendor, at a rate determined by PGG Wrightson Wool, for storage of wool that remains unsold in PGG Wrightson Wool's Store after six months from delivery/arrival at the Store. PGG Wrightson Wool may invoice the Vendor for such storage costs at any intervals or time that PGG Wrightson Wool determines.

8. DEFAULT

8.1. If the Buyer fails to pay for the wool or part of the wool on or before the expiration of Prompt (time being of the essence):

- The deposit (if paid) will be absolutely forfeited to the Vendor;
- The Buyer will be liable for all loss, including Storage at such sum as may be specified from time to time by PGG Wrightson Wool, interest at a rate not

exceeding PGG Wrightson Wool current bank rate, charges on resale, survey fees, insurance (as defined under clause 7.1) and all other charges whatever that may accrue;

c. PGG Wrightson Wool or the Vendor may re-sell the wool at public auction, without being responsible or liable for any losses, and may buy in at any such re-sale, with or without notice to the Buyer, and any loss on re-sale, including all expenses incidental to the re-sale, will be recoverable from the Buyer when ascertained and as liquidated damages. The proceeds of any resale will be applied in the following order:

- Firstly, in payment of PGG Wrightson Wool and the Vendor's expenses for the re-sale; and
- Secondly, in payment of the purchase price for the wool; and
- Thirdly, the surplus (if any) to the Buyer.

8.2. PGG Wrightson Wool or the Vendor may by notice in writing to the Buyer cancel the sale instead of reselling the wool pursuant to this clause and neither PGG Wrightson Wool nor the Vendor will have any claim against the Buyer except for losses under clause 8.1(b).

9. NOTICES

9.1. All notices or other communications to be given pursuant to these Conditions by a party to another will be at the recipient's last known place of address in New Zealand (or such other address within New Zealand as that party may have specified in writing) and will be deemed to have been duly given or made if:

- In the case of a communication by letter at 12 noon on the Business Day next following the date of posting by prepaid post addressed to the last known place of address (if any) in New Zealand of the party to whom the notice is sent;
- If given by hand, on personal delivery to the recipient or such address; or
- In the case of a communication by facsimile or email when transmitted with no indication of incomplete transmission to the recipient's last known facsimile number or email address.

10. DISPUTES PROCEDURE

10.1. If a dispute arises under these Conditions, except a dispute as to payment or a dispute as covered by clause 3.6, the matter will be dealt with pursuant to clauses 10.2 to 10.5.

10.2. One Mediator will be chosen by PGG Wrightson Wool, the other by the Buyer. An Umpire may be nominated by the Mediators if they are unable to agree on a resolution of the dispute. The final decision of the Mediators or the Umpire will be binding.

10.3. Should the Mediators or Umpire find in favour of the Vendor, the Buyer will be bound to accept the wool as sold, but should the decision be in favour of the Buyer, the Buyer will be at liberty to cancel the sale, and demand replacement of the wool at PGG Wrightson Wool expense.

10.4. In the event of any false packing, fraud or misdescription being discovered, the Mediators or Umpire will refer the matter to the appropriate authorities for investigation and follow-up.

10.5. The cost of resolution of the dispute or claim will be determined by the Mediators or the Umpire (as the case may be).

11. STRIKES AND LOCKOUTS

11.1. If a general or partial strike or lockout occurs prior to Prompt and before the wool is paid for which delays or prevents Delivery being completed at Prompt, Prompt will be extended for such period as may be arranged (in this clause called "Strike Prompt") by agreement between a person nominated by PGG Wrightson Wool and a person nominated by the Buyer.

11.2. If representatives are unable to agree whether a general or partial strike or lockout has occurred or as to the date of Strike Prompt, the matter or matters in dispute will be referred to Mediators and an Umpire as provided in clause 10. The provisions of that clause will mutatis mutandis apply, and the decision of the Mediators or Umpire will be final and binding on all parties.

11.3. If delivery will be delayed or prevented by a general or partial strike or lockout the charges on the undelivered wool will, up to Strike Prompt or until the wool is paid for, whichever event will first happen, be borne by the Vendor, and the undelivered wool will be at the Vendor's risk up to Strike Prompt or until the wool is paid for, whichever event will first happen.

12. EXTENDED PROMPT OR STRIKE PROMPT

12.1. In any case where the provisions of clause 11 apply and a Strike Prompt has been arranged or determined, Strike Prompt as the case may require will be substituted for Prompt in these Conditions and these Conditions will apply accordingly.

12.2. A new date for Prompt after the declaration of Strike Prompt will be notified to the parties not later than 11 a.m. on the Business Day immediately prior to the new date for Prompt.

13. GOVERNING LAW

13.1. These Conditions will be governed by, and construed in accordance with, the laws of New Zealand.

13.2. The Vendor, Buyer and PGG Wrightson Wool unconditionally and irrevocably submit to the

jurisdiction of the Courts of New Zealand in respect of all matters arising out of these Conditions and waive any right they may have to object to an action being brought in those Courts, to claim that an action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.

14. GENERAL

14.1. **Confidentiality:** The Vendor expressly agrees to PGG Wrightson Wool supplying their grower name, brand and contact details to the end buyer if PGG Wrightson Wool deems it necessary solely for the Buyer's wool audit purposes. Both the Buyer and PGG Wrightson Wool must keep completely confidential all information regarding the strategies, business affairs, accounts, finance or contractual arrangements of the other.

14.2. **Liability:** All statutory and other implied warranties are excluded to the fullest extent that it is lawful for PGG Wrightson Wool to do so. Other than as required by law, or as contained in a specific written test report, PGG Wrightson Wool gives no representation or warranty concerning any wool condition, quality or fitness for any purpose. It is the Buyer's responsibility to satisfy themselves as to the condition and quality and fitness for purpose of the wool. PGG Wrightson Wool is not liable in any way (including negligence, tort and equity) to the Vendor or the Buyer or to any other person in connection with these Conditions or any other contract for any loss whatsoever, including loss of income, profits, savings or goodwill or for any indirect or consequential loss or special or exemplary damages. The Vendor and the Buyer each indemnifies PGG Wrightson Wool from and against any liabilities, losses, damages, costs (including legal costs on a solicitor/client basis) or claims which PGG Wrightson Wool incurs under these Conditions except if PGG Wrightson Wool is fraudulent or negligent.

14.3. **Agency:** PGG Wrightson Wool is acting as agent for the Vendor at auction. PGG Wrightson Wool itself may also be the Vendor. When acting as an agent for the Vendor, PGG Wrightson Wool is deemed not to be responsible or liable in any way for anything done or not done by or on behalf of the Vendor, including non-payment of any amount owed by or to the Vendor. We give no assurance as to the financial ability to supply or other position of the Vendor. Each person dealing with PGG Wrightson Wool as agent agrees that it will not make or support any claim or proceeding against PGG Wrightson Wool. Unless otherwise specified, where PGG Wrightson Wool acts as agent the Buyer will pay all amounts owed to the Vendor to PGG Wrightson Wool, which will then promptly account to the Vendor for that amount subject to any right of set-off. PGG Wrightson Wool may choose in its sole discretion to pay the Vendor before receiving full payment from the Buyer. In such case, the Buyer will not be released from any liability and the Vendor's rights under the contract of sale are deemed to be transferred to PGG Wrightson Wool. Where PGG Wrightson Wool is acting as agent for a Vendor, the Vendor warrants that it has provided accurate and complete information concerning the wool to PGG Wrightson Wool. PGG Wrightson Wool is not required to verify that information.

14.4. **Assignment:** The Vendor or the Buyer may not transfer any right or benefit under these Conditions. PGG Wrightson Wool may transfer its rights and obligations under these Conditions by notifying the Buyer in writing.

14.5. **Enforcement:** The Buyer will pay PGG Wrightson Wool on demand all costs (including legal costs on a solicitor/client basis) incurred by PGG Wrightson Wool in connection with any default by the Buyer or enforcement action taken by PGG Wrightson Wool.

14.6. **Entire Agreement:** These Conditions are the entire agreement between the Vendor, the Buyer and PGG Wrightson Wool as agent for the Vendor, and supersede all representations, agreements and other communications made by PGG Wrightson Wool.

14.7. **Waiver:** If PGG Wrightson Wool delays or does not exercise any of its rights or remedies, that will not be a waiver of those rights or remedies. Any waiver PGG Wrightson Wool gives must be in writing.

14.8. **Severability:** If any part of these Conditions is illegal, unenforceable or invalid, the remaining Conditions are not affected.

14.9. **Relationship:** The relationship between the Buyer and PGG Wrightson Wool is as independent purchaser and agent for Vendor. There is no partnership, joint venture, employment or agency relationship. An agent or representative of PGG Wrightson Wool is not authorised to make any representations, warranties or agreements that PGG has not confirmed in writing. PGG Wrightson Wool is not bound by unauthorised statements.

14.10. **Consumer Guarantees Act:** Unless the Buyer is not acting in trade, the Vendor and Buyer agree: the wool and the auction services are both supplied and acquired in trade and the wool is not intended for personal, domestic, or household use or consumption; that they have not relied on any representations made by the Auctioneer in bidding; that the Consumer Guarantees Act 1993 does not apply and this clause contracts out of the provisions of the Consumer Guarantees Act; and that this clause is fair and reasonable.