

# GLANBIA IRELAND

# FIXED MILK PRICE

# SCHEME

## PHASE 18

### Next steps

- 1 Complete the enclosed contract and post it to:  
Fixed Milk Price Scheme - Phase 18, Milk Office, Glanbia Ireland,  
Purcellsinch Business Park, Co. Kilkenny.
- 2 Please ensure that you state the volume of milk you wish  
to allocate to the Scheme.
- 3 If you have any queries please contact your local  
Milk Supply Manager or see [www.glanbiaconnect.com](http://www.glanbiaconnect.com)
- 4 Closing date for receipt of applications is **Friday, 15 April 2022.**





## FIXED MILK PRICE SCHEME – PHASE 18

<b>Start Date</b>	1 March 2022.
<b>End Date</b>	31 December 2024.
<b>Scheme Duration</b>	Two years and ten months.
<b>Eligibility</b>	The Phase 18 Scheme is open to applications from all Glanbia Ireland (GI) Suppliers in the Republic of Ireland that have a valid Milk Supply Agreement (MSA) and have not served a notice to terminate same. Phase 18 Scheme is open to applications on a voluntary participation basis.
<b>Fixed Milk Price</b>	2022: 42 cent per litre (cpl) including VAT. 2023 and 2024: 40cpl including VAT.
<b>Milk Constituents</b>	The Fixed Milk Price will be adjusted for actual constituents in 2022, 2023 and 2024.
<b>Glanbia Ireland Milk Payments</b>	Seasonality, Sustainability Action Payment, Liquid premium, ACS premium and other relevant payments made by Glanbia Ireland to qualifying Suppliers over the course of the Scheme will be paid on top of the Fixed Milk Price.
<b>Feed Price Adjuster</b>	To protect suppliers from a potential increase in feed prices that may occur over the course of this scheme, GI has established a Feed Price Adjuster mechanism. Under this mechanism, in the event that feed prices increase then for every €50 per tonne increase in feed prices the milk price paid out under this scheme will be increased by 0.5cpl (on an annualised basis for 2022 and 2023) with no upper limit. Should feed prices fall over this period, there will be no reduction in the milk price received by scheme participants (full details are set out in the table opposite).
<b>Development and Administration Reduction</b>	To recognise the additional administration and development costs incurred by GI in operating the GI Fixed Milk Price Scheme - Phase 18, the Supplier agrees that the Fixed Milk Price will be reduced by 0.1cpl ex. VAT for all Agreed supplied each month during the Scheme duration.
<b>Minimum Application Volume</b>	Suppliers will be required to offer not less than 10,000 litres of milk. There is no cap on the volumes that a Supplier can apply for, but Suppliers should not apply for volumes in excess of their requirements.
<b>Milk Volume Allocation</b>	In the event of over subscription priority access will be given to existing Fixed Milk Price Scheme participants.
<b>New Entrants</b>	A minimum of 10% of available milk volumes will be ring-fenced for new entrants to the Scheme.
<b>Monthly Profile</b>	Suppliers will be allocated a monthly supply profile to reflect the end product call off/usage by GI's customers. This is broadly in line with the GI supply curve.
<b>Closing Date</b>	The closing date for receipt of applications is Friday, 15 April 2022.



## FEED PRICE ADJUSTER – PHASE 18

- This Feed Price Adjuster will assist in insulating milk suppliers against any potential increase in commodity feed prices to the end of 2023 as it will allow milk prices to increase in the event that feed prices continue to rise over this period.
- The current feed price will be established by reference to internationally publicly quoted feed future price indices for wheat, corn/maize and soymeal – the three critical components in any dairy/ruminant ration.
- In the case of wheat the price reference will be the Matif (Euronext Paris low grade milling wheat) quotation with the Chicago Mercantile Exchange (CME) used to reference both corn/maize and soymeal prices.
- Euronext and CME prices are quoted quarterly and movements in these price are in the main reflected in the price that farmers pay for ruminant rations.
- An example for illustrative purposes of the current prices quoted under these exchanges is set out in the grid under for these three commodities. The actual starting feed prices (current trade price) that will be used for this schemes will reflect the prices quoted for these commodities when the scheme application is closed and milk volumes are allocated – which will be towards the end of this month.

Feed	Current Trade Price	Current Futures Price Jul - Dec 22	Current Futures Price Jan - Dec 23
<b>Wheat</b>	€320 per tonne	€327 per tonne	€287 per tonne
<b>Corn/Maize</b>	€265 per tonne	€244 per tonne	€225 per tonne
<b>Soymeal</b>	€463 per tonne	€410 per tonne	€382 per tonne

Source - Matif, Chicago Mercantile Exchange

Note: These prices are subject to change

- In January each year GI will calculate the actual price movement for each commodity based on the current futures prices (April / May 2022) and the actual prices in the 6 or 12 month period Jul-Dec 2022 and Jan - Dec 2023. If the actual price of the reference feed commodities as quoted under these exchanges has increased over the period, then GI will increase the price paid out to Scheme 18 participants for relevant milk volumes supplied during the period.
- The increase in the milk price will be set at 0.5cpl (inc. VAT) for every €50 per tonne increase on an annualised basis in the average price of the three reference feed ingredients or part thereof – for example if the actual price of these commodities increased by €25/tonne the milk price for this period would be increased by 0.25cpl inc. VAT.
- In the event that actual commodity prices fall under the current trade price reference, there will be no reduction in the milk price paid out under this scheme. There will also be no upper limit set in relation to commodity price movements and the related increase in milk prices.



## Example Tables

Based on the average constituents for GI Suppliers in 2021 of 4.3% butterfat and 3.6% protein, Suppliers would receive the following milk price (all VAT inclusive) under this Scheme:

	2022	2023	2024
<b>Fixed Milk Price (standard constituents)</b>	42.00cpl	40.00cpl	40.00cpl
<b>Milk Constituent Adjustment</b>	5.89cpl	5.64cpl	5.64cpl
<b>Unconditional Seasonality Payment (Note 1)</b>	0.37cpl	0.37cpl	0.37cpl
<b>Sustainability Action Plan (SAP) (Note 2)</b>	0.56cpl	0.56cpl	0.56cpl
<b>Total (Note 3)</b>	<b>48.82cpl</b>	<b>46.57cpl</b>	<b>46.57cpl</b>

For every €50 per tonne movement (or part thereof) in international feed prices on an annualised basis the impact on milk price on a full year basis is 0.5cpl. This Feed Price Adjuster is effective from 1 July 2022 to 31 December 2023.

Feed Price Adjuster	0.25cpl	0.50cpl	-
<b>Total incl. Feed Price Adjuster (Note 4)</b>	<b>49.07cpl</b>	<b>47.07cpl</b>	<b>46.57cpl</b>

Note 1: The Unconditional Seasonality Payment is subject to GI Board approval for 2023 and 2024. 0.37cpl quoted above is based on a typical GI manufacturing supplier on an annualised basis.

Note 2: Subject to achieving the SAP requirements.

Note 3: Liquid milk and autumn calving scheme payments will be paid on top of these milk prices.

Note 4: This is for illustration purposes only. There is no upper limit on the Feed Price Adjuster.

## For more information

To learn more about the Glanbia Ireland (GI) Fixed Milk Price Scheme (Phase 18) please contact your local Milk Supply Manager or see [www.glanbiaconnect.com](http://www.glanbiaconnect.com)

