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1 PURPOSE

To describe the requirements for farmers supplying Milk to members of the TasFoods Limited Group (**TasFoods**) to ensure Milk supplied is of a suitable quality to meet all regulatory and customer requirements.

2 SCOPE

This handbook applies to all raw Milk Suppliers of TasFoods, including dairy farmers supplying raw Milk for processing at a TasFoods facility.

It is binding on both TasFoods and Suppliers.

It is subject to and to be read in conjunction with any other terms and conditions relating to the supply of the Supplier's Milk that TasFoods and the Supplier agree in writing, such as the Milk Supply Agreement.

3 DEFINITIONS

- "Dairy Code" means the Competition and Consumer (Industry Codes Dairy) Regulations 2019 (Cth.)
- "Supplier" means all farmers/farm businesses supplying Milk to TasFoods;



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- "Milk" means whole Milk, cream and any other component or classification of a mammary secretion of a lactating dairy animal (excluding colostrum), as may be specified by TasFoods;
- "Milk Supply Agreement" means the agreement of that name between the Supplier and a TasFoods entity for the supply of Milk;
- "Farm" means an area of land which TasFoods treats as a single farm business, and may include proximate, neighbouring or adjoining blocks of land, whether physically connected or not, and whether on separate legal title or not;
- "Season" means the 12-month period commencing each 1 July;
- A reference to any Act, Regulation, specification, criteria or any other document, includes any modification or replacement of it;
- "TasFoods' Farm Food Safety Program" means the objectives, minimum requirements, guidelines and record templates prepared by TasFoods that the Supplier can implement in order to meet TasFoods' requirements, the licence obligations of the State Dairy Regulatory Authority (Tasmania Dairy Industry Authority TDIA), and requirements under the FSANZ Food Standards Code Standard 4.2.4, to have an approved Food Safety Program in place.
- "TasFoods' Animal Health and Welfare Plan" (part of the Total Farm Dairy Diary) means the objectives, minimum requirements, guidelines and record templates prepared by TasFoods that a Supplier can implement in order to meet TasFoods's requirements, relevant laws, regulations, industry guidelines and animal welfare codes of practice.

TasFoods collects Milk from its Suppliers and delivers it to TasFoods's manufacturing sites or to its customers. By meeting the following supply and collection requirements, Suppliers contribute to TasFoods' ability to maintain high quality products and ingredients.

4. MILK SUPPLY ARRANGEMENTS

4.1 THE TASFOODS – SUPPLIER RELATIONSHIP

TasFoods insists on *accountability, respect and trust* in all aspects of its business and expects Supplier relationships to be based on mutual respect and dignity, and to promote a safe and positive working environment for all. With that in mind, TasFoods does not tolerate behaviour from either a Supplier or TasFoods' employees which constitutes intimidation, harassment, or behaviour which is offensive or abusive.

TasFoods at all times will deal with farmers/Suppliers in good faith in accordance with the *Competition and Consumer (Industry Codes – Dairy Regulations 2019.*

Farmers/Suppliers at all times will deal with TasFoods in good faith in accordance with the Competition and Consumer (Industry Codes – Dairy Regulations 2019).

Should a Supplier exhibit behaviour:



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- (a) towards a TasFoods employee, representative or contractor which constitutes a real risk of, or contributes to, injury, unreasonable stress or unsafe practices or conditions;
- (b) that, in TasFoods's reasonable opinion, negatively impacts the reputation of TasFoods; or
- (c) otherwise in such a manner that it is reasonable for TasFoods to make complaint, TasFoods reserves the right to suspend milk supply in accordance with Clause 12 of the Milk Supply Agreement or terminate supply in accordance with Clause 14 of the Milk Supply Agreement with the Supplier.

Similarly, TasFoods's policies prohibit its employees from exhibiting behaviour towards a Supplier which contributes to injury, unreasonable stress or unsafe, unethical or illegal practices or conditions. If a Supplier would like to express any concerns about the behaviour of a TasFoods's employee or register a complaint against a TasFoods's employee, please contact the Milk Supply Officer, Deb Morice.

4.2 REQUIREMENTS FOR MILK SUPPLY

The Supplier must:

- Be licensed by the TDIA and meet all conditions as described in the licence and the relevant legislation;
- Store in the Supplier's vat only Milk which has been produced on the Supplier's Farm;
- Supply TasFoods with Milk produced only on the Supplier's Farm;
- Exclude the first *5 days* (or ten milkings) Milk post calving to ensure no colostrum enters the bulk Milk vat;
- Ensure the Supplier's Milk is available for collection at the Farm where the Milk was produced and is listed in the Supplier's Milk Supply Agreement with TasFoods;
- Ensure all Milk is continually agitated and refrigerated; and
- Meet the requirements outlined in this handbook and the Supplier's Milk Supply Agreement.

4.3 OWNERSHIP AND RESPONSIBILITY FOR MILK

The Supplier owns and is responsible for all Milk until the Milk enters the pumping system of a TasFoods tanker. Up to this point, the Supplier is responsible for Milk quality and any defect in the Milk that was present at the time. This applies even if TasFoods detects the defect through analysis and evaluation conducted after collection, including feed taint defects. TasFoods owns the Milk from the point it enters the pumping system of its Milk tanker, unless it is subsequently rejected, and becomes responsible for any changes to Milk quality from that point.



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4.4 COLLECTION ARRANGEMENTS

At the beginning of each Season, Suppliers must advise TasFoods of the date they will resume milking to assist with Milk collection scheduling. Notification of any changes in collection arrangements must be made 48 hours before Milk is put into the Supplier's vat.

4.5 TIME AND FREQUENCY OF COLLECTION

If a Supplier wishes to vary their milking pattern from the typical twice a day milking, it must notify TasFoods, via the Milk Supply Officer. A Supplier must ensure accurate milking completion times are recorded and clearly visible to Milk transport upon collection, at all times. TasFoods will monitor Milk volume and reserves the right to schedule Milk collection from the Supplier's farm to ensure optimal Milk collection.

4.6 SPECIAL COLLECTION REQUESTS

If the Supplier requires a special collection in order to ensure the Supplier's vat is empty for a specific purpose (e.g. maintenance of the vat or refrigeration equipment or a visual inspection for Milk quality purposes), TasFoods will endeavour to accommodate this request. While every reasonable effort will be made to accommodate special collection requests, TasFoods does not guarantee it will be able to do so. Suppliers must notify TasFoods, via the Milk Supply Officer as early as possible if they need a special collection for these purposes.

4.7 REJECTED MILK AND DISPOSAL

Where Milk is rejected by TasFoods, payment will not be made for the affected Milk. TasFoods may decide to reject a consignment of Milk from a Supplier in any of the following situations:

- If in the reasonable opinion of the tanker driver (e.g. senses test), the Milk is contaminated, soured by noticeable feed taint, or otherwise unfit for human consumption;
- If a sample of the Milk or a consignment of Milk previously collected from the Supplier has been found to have quality defects that mean it does not meet TasFoods 's quality specifications or poses a food safety risk; or unless the Supplier has provided TasFoods with sufficient evidence from TasFoods to be reasonably satisfied that the quality defect or non-compliance will not reoccur; or
- The Supplier fails to comply with all of the terms and conditions of its Milk Supply Agreement with TasFoods (including as set out in this handbook) concerning Milk quality and related obligations. Suppliers must be aware of, and take reasonable steps to meet, local Council conditions and environmental regulations when disposing of Milk on their farm. Examples of Milk disposal methods include (but are not limited to) feeding to livestock, spray irrigation and disposal in a dedicated pond or trench. Guidelines on the disposal of waste Milk can be located in the TDIA approved Dairy Farm Effluent Management Plan for the Supplier's Farm.

4.8 SUSPENSION OF COLLECTION

In some instances, it may be necessary for TasFoods to suspend the collection of Milk from a Supplier for the following reasons (as are set out in the Milk Supply Agreement):

• TasFoods reasonably suspects a Supplier's Milk is unsafe .



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- TasFoods identifies potential hazards on a Supplier's Farm which could cause injury to TasFoods employees, contractors, advisors or agents including hazards arising from behaviour.
- TasFoods reasonably suspects a Supplier fails to comply with relevant obligations under federal, state or local government regulations.
- TasFoods reasonably suspects a Supplier has failed to comply with any requirements as outlined in TasFoods 's Milk Supply Hand book, or the approved Farm Food Safety Plan and sufficient corrective action has not been implemented within the agreed timeframe.
- The Supplier's Milk consistently (for two or more successive tanker pick ups or for more than three out of five of the last tanker pick ups) fails to meet the quality standards outlined in this handbook.
- The Supplier has failed (in TasFoods opinion) to undertake sufficient corrective action to address Milk quality issues.
- TasFoods reasonably suspects a Supplier has significant animal health or welfare issues concerning any livestock on their farm including without limitation that it suspects the Supplier has not complied with TasFoods's animal welfare requirements as outlined in this Milk Supply Handbook.
- The Supplier misleads (by act or omission) or makes false representations to TasFoods concerning the Milk supply relationship.

4.9 TRANSFERRING OR CEASING SUPPLY

If a Supplier proposes or intends to cease supply, sell or transfer any interest in any farm from which Milk is supplied to TasFoods, the Supplier must notify TasFoods. Notice must be provided in writing with a notice period reflective of the signed Milk Supply Agreement.

4.10 NEW APPLICANTS

TasFoods has an application process in place for new Suppliers to ensure the Milk to be supplied will add value to TasFoods's business. If a new Supplier's application is successful, the Supplier will be advised by TasFoods as to what payment options are available to them.

4.11 FLOW METERS

Any flow meters installed on a milk collection vehicle must be maintained in good working order and be calibrated on a 6 monthly basis. All temperature sensing equipment fitted to a milk collect vehicle must be calibrated on a 6 monthly basis.

5. MILK QUALITY AND TESTING

Suppliers play a critical role in the quality of the final dairy products manufactured by TasFoods. TasFoods sets standards for Milk quality and has a testing regime in place to ensure Suppliers meet these standards. TasFoods rewards Suppliers who achieve excellence in Milk quality in a range of ways.



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5.1 MILK QUALITY REQUIREMENTS

The Supplier is responsible for the quality of the Milk it supplies to TasFoods. As such, the Supplier must:

- Comply with all relevant government legislation, regulations and any other applicable laws;
- Comply with an approved Farm Food Safety Program;
- Ensure the Milk the Supplier supplies meets the quality standards detailed in this Handbook and the Supplier's Milk Supply Agreement;
- Ensure appropriate corrective action is taken to address any instance where Milk supplied to TasFoods does not meet the quality standards set out in this handbook or the Supplier's Milk Supply Agreement;
- Follow, and keep written records of the Supplier's adherence to, systems and procedures that ensure the Supplier's Milk is not affected or contaminated by micro-organisms, inhibitory substances, chemicals, water, unsuitable feed taint, disease or foreign matter (e.g. glass, residues, toxins, flies or anything else that might taint the Supplier's Milk in any way); and
- Notify TasFoods if it suspects there may be an issue with the quality of the Supplier's Milk.

5.2 MILK QUALITY TESTS

To ensure the quality of Milk supplied meets quality standards, TasFoods will:

- Contract an independent, nationally accredited laboratory, who will randomly test samples of the Supplier's Milk for quality attributes. TasFoods may change the frequency of tests during known risk periods such as in the early Season and when quality issues are evident;
- Advise the Supplier of the standard of the Milk the Supplier have supplied on via email. If the Supplier do not receive, or if the Supplier misplace these results, the Supplier can contact the company, and these will be re-issued;
- Contact the Supplier where appropriate to discuss Milk quality issues that we have identified, and work on a suitable and agreed corrective action plan.

TasFoods may also make the Supplier's Milk quality test results available to TDIA food safety auditors as required.

5.3 TASFOODS MILK QUALITY TESTING REGIME

Test	Description	Frequency
Bulk Milk Cell Count (BMCC) / Somatic Cell Count (SCC) Referred to in this section as BMCC Standard <300,000 BMCC per ml	The BMCC test is a measure of the number of white blood cells in Milk. Cows in very early or late lactation, and cows with mastitis infection increase the risk of high levels of BMCC.	Weekly



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	Elevated BMCC levels in Milk lead to poor product quality and reduced yields in dairy manufacturing as well as problems relating to food safety regulation in domestic and export markets.	
Total Plate Count/ Standard Plate Count (also known as 'TPC/SPC') <80,000 cfu/ml	This is a measure of the total number of bacteria or microorganisms per ml of Milk that will grow and survive at body temperature. High levels can be caused by: • Poor plant hygiene • Milk cooling problems • Mastitis in the herd	Weekly
Temperature <5°C within three hours from the commencement of Milking.	Temperature Bacterial growth in raw Milk can be rapid when Milk is not cooled properly. It is a requirement of holding a dairy licence that the farm is capable of cooling Milk to 5°C or lower within three and a half hours from commencement of milking and of holding the Milk at a maximum of 5°C until collected.	Per consignment
Sensory	Milk will be graded prior to collection by senses test, where sight and smell are used to determine the suitability of the Milk within the bulk vat. Feed odours and foreign may result in the Milk being rejected.	Per consignment
Extraneous Water/Freezing Point	All milk supplied to TasFoods must be free of any extraneous water. The TasFoods standard for freezing point of milk is -0.517°C maximum, however, TasFoods will allow latitude up to -0.512°C until otherwise advised.	At TasFoods discretion
Acidity	Acidity is measured as a percentage of lactic acid present in the milk sample. This is designed to detect if the milk has gone "off".	At TasFoods discretion
рН	The pH of milk is 6.7, milk is tested to determine any change in pH which may be acid or alkaline in nature.	At TasFoods discretion
Sediment/Extraneous Matter Pesticides or Other Chemical Contaminants	Milk is to be free of sediment. Milk is to be free of residues from pesticides and other contaminants, according to Australian MRL's (refer to Standard 1.4.2 of the Australian New Zealand Food Standards Code).	At TasFoods discretion At TasFoods discretion
Aflatoxin	Milk is to be free of aflatoxin residues.	At TasFoods discretion



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In the absence of a quantitative MRL	
for aflatoxin in milk, TasFoods and the	
dairy industry regard the acceptable	
level of detection as <0.50 ppb	
aflatoxin M1 in raw milk, which is in	
line with the Codex Alimentarius	
standard.	

5.4 Notified Hot Temperature Milk

(e.g. vat breakdowns or power failures)

Suppliers must notify TasFoods of any suspected temperature problems as quickly as possible. Any Milk that is outside the allowable temperature range (as set out in the standard) for collection may be rejected. TasFoods will not use any Milk it has rejected. If Milk is collected by TasFoods and is subsequently rejected, TasFoods will dispose of the Milk at the Supplier's cost. Any rejected Milk that is not collected must be disposed of by the Supplier prior to the next collection. Suppliers must not cool rejected Milk for inclusion in a subsequent collection or mix it with any other Milk. If TasFoods is notified of Milk that will be outside the allowable temperature range in a timely and clear manner prior to collection, the Milk may be collected at TasFoods 's discretion but will be paid for even if it is not collected. If TasFoods deems the Supplier's Milk suitable for collection, the Milk may be subject to TPC testing. If Milk is not collected, the payment will be based on the monthly average of fat and protein yields (calculated over the month prior to the date the Milk would have been collected). Suppliers who are outside the allowable temperature range may subsequently be placed on altered collection schedules if this is likely to result in Milk satisfying the collection criteria. If the problem has not been addressed within 14 days, TasFoods reserves the right to suspend collection of the Supplier's Milk unless an agreed plan of action is implemented, and the issue resolved to TasFoods 's reasonable satisfaction. Consideration may be given in circumstances outside the Suppliers' control (e.g. severe weather event).

5.5 Un-Notified Hot Temperature Milk

Any Milk that is outside the allowable temperature range for collection (as set out in the standard) may be rejected. Any rejected Milk that is not collected must be disposed of by the Supplier prior to the next collection. Suppliers must not cool rejected Milk for inclusion in a subsequent collection or mix it with any other Milk. TasFoods will not pay for rejected Milk if it is not notified in a timely and clear manner prior to collection. If TasFoods deems the Supplier's Milk suitable for collection, the consignment of Milk may be subject to TPC testing. Suppliers who have Milk rejected due to Milk being outside the allowable temperature range, may subsequently be placed on altered collection schedules if this is likely to result in Milk satisfying the collection criteria. Collection charges in these cases will be paid by the Supplier. If a Supplier fails to meet the allowable temperature range on more than three consignments within one month (rolling), Milk collection may be ceased unless an agreed plan of action is implemented, and the issue resolved to TasFoods's reasonable satisfaction. Consideration may be given in circumstances outside the Suppliers' control (e.g. severe weather event).



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Time from end of milking	Twice daily pickup max ^o C	Daily or skip pickup max ^o C
0m	25.0	15.0
20m	22.2	13.6
40m	19.3	12.2
1h	16.5	10.8
1h 20m	13.7	9.3
1h 40m	10.8	7.9
2h	8.0	6.5
2h 21m	5.0	5.0

Milk Cooling Profile (h=hour/s and m=minute/s)



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Inhibitory Substances

Test	Description	Frequency
Inhibitory Substances (I.S.) and other contaminants / defects Absent	Inhibitory substances have a direct negative impact on the dairy manufacturing process. All Milk received by TasFoods is assessed for contamination and general fitness for purpose, including testing for antibiotics or other inhibitory substances. Any detected defects or contaminants will trigger trace back processes to identify the Supplier at the source of the contamination. Contaminants and defects may include, but are not limited to: Microbiological growth to such an extent as to make the Milk unfit for processing Blood Agricultural chemicals Animal health treatments Antibiotics Chemical Contaminants (i.e. QAC, NPE) • rBST	Per consignment

5.6 Notified suspected Inhibitory Substance

Suppliers must notify the TasFoods of any suspected problems prior to Milk collection. Once notification of a suspected problem is made to TasFoods, the Supplier will be advised whether the Milk is suitable for collection or requires testing before it can be cleared for collection.

Notification must be made to TasFoods immediately and before Milk collection.

TasFoods will advise where any necessary Milk samples must be delivered, but it is the responsibility of the Supplier to deliver the Milk samples.

Suppliers must secure the vat to ensure that the suspect Milk is not inadvertently collected whilst awaiting test results / decisions by TasFoods.

Milk that is contaminated with an inhibitory substance in a farm vat before collection must be disposed of at the Supplier's expense. Where proper notification is made as described above, compensation will be made to Suppliers for Milk that is deemed unsuitable for collection and subsequently disposed of. This compensation will be in the form of a credit for the volume of Milk disposed of, calculated at a monthly rolling average fat and protein yields (over the month prior to the date the Milk would have been collected).



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5.7 Un-Notified Inhibitory Substance

Contaminated Milk could be identified as part of the driver's senses test, random testing of farm Milk samples, as a result of a trace back process or any other method employed by TasFoods.

In addition, if further Milk is added to a parcel of Milk that has been rejected, the total amount will be rejected. Compensation will not be made for any Milk that is added to a parcel of Milk previously rejected, whether the original Milk rejection was the result of a notified or un-notified occurrence. Suppliers with antibiotic residues or other inhibitory substances in their Milk will not have their Milk collected again until the Milk in the vat is shown to be free from contamination. They will also be subject to ongoing testing on each consignment of Milk following the original detection, until the risk of further contamination has been eliminated. Milk that is not collected due to ongoing contamination after the initial un-notified detection will not be paid for.

5.8 COLOSTRUM

Colostrum refers to the first Milk produced after calving. The levels of antibodies or blood proteins in colostrum are extremely high and as such are unsuitable for manufacturing.

Colostrum can severely affect the heat stability of Milk powders and processing efficiencies of driers and evaporators. It also produces an unacceptable colour and flavour in manufactured dairy products.

Colostrum declines quickly after calving and the levels are generally low enough to meet the standard of 1.35 g/L or less after at least the first full 5 days (or ten milkings). The Supplier may need to keep heifers out of the milking herd for longer than the recommended first ten full milkings, if it is noticed that the heifer are withholding their milk.

Colostrum must be kept segregated from the Milk that is supplied to TasFoods *for the first 10 milkings*. It must be clearly identified as colostrum to avoid being collected by the tanker driver.

Outlets on colostrum vats must also be covered in such a way that accidental collection is not possible.

Tests for colostrum will be performed at the discretion of TasFoods but will typically be in the first two months after recommencement of supply following each dry period.

If the Supplier's test result shows detectable levels of colostrum, follow-up testing may commence from the next consignment after the Supplier has been notified of the test result. Follow-up testing may continue on each consignment of Milk until three consecutive test results below 1.35 g/L are achieved.

5.9 QUALITY PENALTY

If the Total Plate Count/ Standard Plate Count (also known as 'TPC/SPC') of the milk from a Supplier is tested and is higher than the levels permitted in the Milk Supply Agreement, TasFoods will notify the Supplier of the issue. TasFoods will allow for three consecutive tests to exceed the levels permitted under the Milk Supply Agreement, if there a subsequent tests which exceed the TPC levels



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then the Supplier will forfeit their Monthly Quality Bonus for the entire month and for the period it takes to resolve the issues.

6. FOOD SAFETY & QUALITY ASSURANCE PROGRAM

To meet the conditions of their licence to operate as dairy farmers, all Australian dairy farms are required to have an approved food safety program. TasFoods supports Suppliers in meeting this regulatory requirement by providing the TasFoods Farm Food Safety Program template (as part of the Farm Dairy Diary).

6.1 DAIRY FARM COMPLIANCE

All dairy businesses operating in Australia are required to have a current dairy licence. A copy of each farmer's licence will be required to be supplied to TasFoods. Each licensee is required to have an approved food safety program in place, which will be audited.

Suppliers must comply with a range of regulations and standards relating to food safety, including:

- Dairy Industry Act 1994;
- Dairy Industry Regulations 2004;
- The Tasmanian Code of Practice for Dairy Food Safety;
- Export Control (Milk and Milk Products) Orders 2005;
- Agricultural and Veterinary Chemicals (Control of Use) Regulations 2007;
- Managing Dairy Farm Effluent in Tasmania Code of Practice;
- Food Standards Australia and New Zealand Standard 4.2.4 Primary Production and Processing Standard for Dairy Products (Australia only); and
- Australia New Zealand Dairy Authorities' Committee (ANZDAC) Guidelines for Food Safety: Dairy Farms.

6.2 TASFOODS 'S FARM FOOD SAFETY PROGRAM

TasFoods Farm Food Safety Program aims to add value to a Supplier's farm management system and demonstrate to TasFoods 's customers and government regulators that on-farm risks are managed effectively by Suppliers.

TasFoods's Farm Food Safety Program sets out the minimum requirements that a Supplier must meet for on-farm food safety, hygiene and dairy conditions to meet regulatory requirements and industry standards. It outlines potential risks and provides options and information for controlling those risks and is approved by the TDIA.

This program is provided to Suppliers in the Farm Dairy Diary. More information about the program can be obtained from TasFoods Milk Supply Officer.



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6.3 ON-FARM AUDITS

To ensure compliance with relevant TDIA regulations and TasFoods's minimum requirements, TasFoods's personnel, representatives or agents, or state authorities, will conduct an audit of the Supplier's farm or dairy premises. Currently, audits in Tasmania are conducted at least annually.

6.4 THE AUSTRALIAN MILK RESIDUE ANALYSIS (AMRA) SURVEY

The Australian Milk Residue Analysis (AMRA) survey is a national survey, coordinated by Dairy Food Safety Victoria (DFSV) on behalf of other state regulatory authorities and the Australian Government Department of Agriculture. The survey looks at potential agricultural and veterinary chemical residues and environmental contaminants in Australian bovine Milk.

The AMRA Survey plays an important role in the Australian dairy industry by gathering and compiling information on the chemical residue status of Australian Milk. In doing so it:

- assesses the effectiveness of the control measures in place to ensure food safety outcomes are met, with respect to chemicals used in the Australian dairy industry; and
- provides assurances to importing countries that Australian dairy products are produced under a system that meets their requirements and supports the export requirements of Department of Agriculture under the Export Control (Milk and Milk Products) Orders 2005.

As part of TasFoods's participation in this survey, at times it may be necessary to take additional Milk samples of Suppliers' Milk, either at an individual farm level or as part of a tanker sample.

More information can be found at www.dairyaustralia.com.au

TasFoods or its representatives or agents will collect Milk on-farm and transport it to a dairy manufacturing site or the site of a customer. Suppliers have an important role in ensuring Milk collection can occur safely and efficiently.

7. FARM REQUIREMENTS FOR MILK COLLECTION

7.1 GENERAL REQUIREMENTS

All Suppliers must adhere to the following on-farm requirements:

- Access to the dairy must be unrestricted and free from hazards;
- A Supplier's dairy must be located where there is the least likelihood of airborne contamination or strong odours affecting the Milk quality;
- The Milk collection and storage areas must be kept clean at all times;
- There must be unrestricted all-weather access to the dairy and access to vat outlets must be unrestricted and in reach of standard tanker hoses;
- Light switches must be readily accessible, and lighting must be adequate for both day and night collections;
- The maximum number of vats per farm from which Milk will be collected is three;



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- Tanker drivers will activate the Supplier's vat cleaning systems if it is safe to do so. Suppliers are responsible for providing clear written instructions, maintaining detergents, and ensuring that all equipment required for the tanker driver to undertake their duties are easily accessible;
- Suppliers are to confirm Milk collection frequency and scheduling requirements with Transport e.g. twice daily, daily and every second day (skip a day) with TasFoods Logistics Manager Rachelle Kelly. Transport may amend or vary a Supplier's Milk collection schedule upon provision of prior notice to such Supplier. Supplier may also seek to amend or vary its Milk collection schedule in consultation with TasFoods; and
- Prior to a new Supplier commencing supply, TasFoods's personnel, representatives or agents, will conduct a Health & Safety inspection of the dairy, immediate environment and access roads to confirm that the areas allow safe access and are free from hazards, and current Suppliers may be subject to periodic reviews throughout the Season.

7.2 ACCESS TO PROPERTY

TasFoods can access solely for the purpose of ensuring or monitoring Supplier's compliance with the requirements of the Handbook or any other agreement between TasFoods and the Supplier.

If reasonably practicable, TasFoods will give the Supplier at least 24 hours' notice prior to inspection. However, this will not apply in the case of an urgent inspection relating to food safety or animal welfare.

7.3 TANKER ACCESS

It is the responsibility of the Supplier to provide safe farm access to TasFoods' Milk tankers, staff, agents or representatives.

Suppliers must meet the following standards for Milk tanker access:

- Provide a splayed entrance which complies with the rules in the local authority plan and is accessible by a truck and trailer without the vehicle having to cross the centre of the road when turning left into a farm road;
- Provide clear, all-weather road access from the farm entrance to the dairy, suitable for a Milk tanker travelling at reasonable speed;
- Maintain a clear access from the road to the Supplier's dairy at all times;
- Keep roads from farm entrance to the dairy free from obstructions at all times (e.g. corrugations, potholes, trees, excessive mud, overhanging or fallen branches, buildings, vehicles, irrigators, implements and stock);
- Any cattle crossing a road or race within 45 meters of the farm dairy or the start of the tanker loop must cross on a suitable surface to ensure it can be kept clean and well maintained;



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- Roads must have a clearance of 4.25 metres, with one clear metre on each side of the road; have a 200 mm crown and drainage either side of the road; be fenced off and kept clean and well maintained;
- Roads must not be used as stock tracks or holding yards;
- Ensure that if the Supplier's roadway is longer than 1 km, a Milk tanker can safely maintain a speed of up to 50 km/hour;
- Ensure that if the Supplier's roadway is shorter than 1 km, a Milk tanker can safely maintain a speed of up to 25 km/hour;
- Ensure roads do not have corners which are so sharp that a Milk tanker cannot corner safely;
- Ensure effluent from roadway crossings drains into the Supplier's farm's effluent disposal system;
- Ensure irrigators are not over the tanker road during collection windows (day and night);
- When a new cattle pit is installed on a tanker roadway, ensure it has no less than 4.5 metres of usable width;
- Make every effort to ensure Milk tankers do not need to reverse on farm; and
- Ensure bridges or crossings are the same width as the road, preferably on a straight section of road and allow safe crossing by a fully laden Milk tanker travelling at a reasonable speed. They must be built and maintained so that the Milk tanker meets all legal requirements in using and maintaining the bridge or crossing by an appropriately qualified engineer verifying that the bridge or crossing may be used safely by a fully laden Milk tanker.

Please note: if an event occurs which TasFoods or its representatives or agents believe will affect the safety of a bridge or crossing, the Supplier must comply with requests from TasFoods to have the bridge or crossing inspected by an appropriately qualified engineer. TasFoods may refuse to use the bridge or crossing until a certificate has been issued by an appropriately qualified engineer verifying that the bridge or crossing may be used safely by a fully laden Milk tanker.

7.4 SAFETY

A farm hazard is any on-farm situation that may put at risk the health and safety of farm operators or TasFoods's employees, contractors, representatives or agents, or the quality of the Milk being collected.

The Supplier must ensure that:

- the areas of the Supplier's farm where TasFoods employees, contractors, representatives or agents enter, cross or work meet the requirements of the relevant laws and regulations;
- the Supplier and other people present on the Supplier's farm do not do anything that could put a TasFoods employee, contractor, representative or agent at risk;



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- if removal of asbestos or asbestos containing material is scheduled to take place in the immediate vicinity of the dairy or dairy access roads, TasFoods is given prior notice of this activity. At TasFoods reasonable discretion, suspension of Milk collection for the duration of the removal activity may occur;
- if any structural work in the dairy is likely to expose or change the status of asbestos, or asbestos containing material, the Supplier must notify TasFoods before this work takes place;
- the Supplier records and controls potential hazards as part of a hazard management system and advise TasFoods's employees, contractors, representatives or agents of the location of any hazard that they may be exposed to;
- the Supplier removes hazards which may block or interfere with Milk tanker access or the ability to collect the Supplier's Milk;
- the area immediately in front of the Milk vat is clear of obstacles and trip hazards (e.g. stones, holes, uneven surfaces, equipment) that may obstruct or injure the Milk tanker driver, both day and night; and
- all family members, employees or visitors are aware of the potential hazards when a Milk tanker is collecting Milk from the Supplier's farm. The safety of everyone on the Supplier's farm is the highest priority and it is important they are aware of the potential hazards and keep clear of the road when a Milk tanker is on the Supplier's farm. TasFoods has a responsibility:
- where a potential farm hazard has been identified, to provide notice in writing to the Supplier requesting that the problem be rectified. Failure to rectify the problem may result in TasFoods ceasing to collect Milk until the hazard has been eliminated to TasFoods 's reasonable satisfaction; and
- to provide safe working conditions for its employees, contractors, representatives and agents.

If the Supplier believe TasFoods is not following its safety rules when a TasFoods employee, contractor, representative or agent is on the Supplier's farm, please advise the Milk Supply Officer Deb Morice on 0408 990 927.

Correct Milk storage and refrigeration is critical to ensuring Suppliers provide TasFoods with the highest quality Milk possible. The following section outlines the standards TasFoods requires of its Suppliers with regard to storage and refrigeration.

8. MILK STORAGE AND REFRIGERATION

8.1 STORAGE AND REFRIGERATION OPERATIONS

As a Supplier, the Supplier must:

- provide and maintain a vat and chilling unit that is suitable for the safe, secure storage and cooling of the Supplier's daily Milk volumes;
- comply with the Australian Standard 1187:1996 'Farm Milk cooling and storage systems';



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- ensure the on-farm cooling system is capable of cooling Milk to 5°C within three and a half hours of the commencement of milking;
- ensure accurate milking completion times are recorded and clearly visible to Milk transport upon collection, at all times;
- check the temperature of Milk left in the vat from a previous milking before the Supplier start the next milking;
- check the temperature after each milking to ensure the on-farm cooling system is working effectively;
- ensure all Milk is continually agitated and refrigerated (refer to section 3.4);
- keep records of temperature management within the Supplier's Farm Food Safety Program; and
- be aware that if the Supplier's Milk exceeds the allowable temperature ranges described in section 4.4 of this handbook and/or any of above requirements are not met, the Milk tanker driver may not collect the Milk.

8.2 STORAGE OF COLOSTRUM

TasFoods does not collect colostrum or any other material intended for feeding calves.

As a Supplier, the Supplier must:

- keep colostrum segregated from the Milk supplied to TasFoods; and
- clearly label vats used to store Milk or colostrum intended for feeding calves as 'Not for collection'. This label must be positioned directly above the outlet valve on the vat and can be removed when the vat is no longer used to store Milk or colostrum intended for feeding calves.

Suppliers must ensure that there are no open containers of colostrum are stored in vat rooms.

9. SOCIAL RESPONSIBILITY & ENVIRONMENTAL SUSTAINABILITY

TasFoods is committed to being a socially responsible business. Social responsibility issues (such as environmental performance, animal welfare and labour conditions) are increasingly important factors in purchasing decisions of consumers and customers, both in Australia and overseas. Similarly, the dairy industry faces increased environmental expectations both in domestic and international markets. Responsible practices of dairy farmers are critical to the commercial success of TasFoods and its Suppliers.

9.1 ENVIRONMENTAL MANAGEMENT AND REGULATION

In relation to on-farm sustainability and environmental practices, Suppliers must be aware of their obligations under Federal, State and local government laws and regulations.

It is the responsibility of individual Suppliers to comply with their obligations under these laws and regulations.



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TasFoods reserves the right to suspend or cancel its relationship with any Supplier if TasFoods reasonably concludes that the Supplier's on-farm environmental management practices are in breach of any applicable environmental law or regulation. Supplier has a right to present TasFoods with evidence that it is not in breach. TasFoods must consider any such material reasonably and in good faith.

9.2 DAIRY EFFLUENT MANAGEMENT

TasFoods has a strong desire to support on-farm programs that focus on compliance and the development and implementation of sound nutrient management practices.

The Supplier must ensure that their on-farm effluent management system (e.g. shed, feed pad or underpass) complies with the legislative requirements applicable in the local area, council, region or state.

The Supplier will be encouraged to adopt best practice in farm nutrient management through the development of farm nutrient budgets and the implementation of Nutrient Management Plans.

The Supplier must also meet the requirements of TasFoods Farm Food Safety Program (or an alternative approved Food Safety Program). TasFoods must be notified immediately once they become aware of any occurrence of any Government agency investigation in relation to effluent management from their farm.

9.3 WATERWAY PROTECTION AND RIPARIAN PLANTING

A riparian zone (or area) is the interface between the land and a river, stream, or wetland. These riparian zones are instrumental in maintaining water quality through the attenuation of both surface run-off and water running into the waterway from subsurface or groundwater flows. Vegetative growth in these zones also slows water flow, thereby reducing erosion and increasing biodiversity through the provision of habitat for native fauna and flora.

Access to waterways by stock is known to be a significant contributor to the degradation of riparian zones and water quality, causing land erosion through damage to the stream or river banks. It is also a major source of faecal contamination.

TasFoods Suppliers are encouraged to fence waterways (to exclude stock), install appropriate stock crossings, watering points and plant the exclusion zones with native flora.

9.4 LABOUR CONDITIONS

Suppliers must ensure the conditions of engagement for all labour and comply with all relevant regulations. Appropriate health and safety procedures must also be in place.

9.5 EMPLOYEE RELATIONS

TasFoods Suppliers are required, at all times, to provide employees with suitable workplace conditions. This includes pay, facilities and documentation that meets, or exceeds, any relevant regulatory requirements.



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9.6 HUMAN RIGHTS

Suppliers must comply with all Human Rights Legislation, including without limitation those listed below.

Human rights are the basic rights and freedoms that we are all entitled to enjoy as human beings, to be able to live freely with dignity, safely, securely and in good health.

This includes ensuring workers are not subject to modern slavery – modern slavery refers to any situations of exploitation where a person cannot refuse or leave work because of threats, violence, coercion, abuse of power or deception. In Australia modern slavery incorporates conduct that would constitute an offence under existing human trafficking, slavery and slavery-like offence provisions set out in Divisions 270 and 271 of the Commonwealth Criminal Code. Modern slavery therefore encompasses slavery, servitude, the worst forms of child labour, forced labour, human trafficking, debt bondage, slavery like practices, forced marriage and deceptive recruiting for labour or services.

Any Supplier found to be in breach of legislation, including by any relevant regulatory body or a recognised subject matter expert, will be asked to show cause why collection should not be suspended in accordance with Clause 12 of the Milk Supply Agreement until such time as they are compliant with all requirements.

Suppliers must comply with the following legislation:

- Commonwealth Criminal Code regarding modern slavery like offences;
- Age Discrimination Act 2004;
- Disability Discrimination Act 1992;
- Racial Discrimination Act 1975;
- Sex Discrimination Act 1984; and
- Australian Human Rights Commission Act 1986.

For further information, visit the website below:

https://www.humanrights.gov.au/our-work/legal/legislation

10. ANIMAL HEALTH, WELFARE AND BIOSECURITY

Good animal health and welfare is central to successful and sustainable dairy farming. Moreover, consumers and customers are increasingly interested in knowing that a high standard of animal welfare is maintained throughout the supply chain of products they purchase.

10.1 INDUSTRY STANDARDS

The Australian dairy industry has a strong reputation for responsible animal welfare management and TasFoods aims to protect and enhance this reputation.

TasFoods is committed to ensuring responsible animal welfare practices are maintained by its Suppliers in accordance with the relevant laws, regulations, industry guidelines and animal welfare codes of practice.



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All Suppliers must ensure that they are familiar with the Australian animal welfare standards, including land transport standards (e.g. responsibility for the assembling and preparation of livestock, assessing fitness for the intended journey, feed and water provisions, and holding periods before loading).

Transport of Bobby Calves

Suppliers must ensure that bobby calves being transported for sale or slaughter are:

- At least five days old (unless consigned direct to a calf rearing farm);
- · Fit and healthy;
- Adequately fed within six hours prior to transport; and
- Free from antibiotic residues.

Priority Issues

The dairy industry, through Dairy Australia, Australian Dairy Farmers and the Australian Dairy Products Federation has identified the following priority areas to enhance animal welfare outcomes and Suppliers must comply with them as follows:

- Calf management calves must be managed across the supply chain to meet agreed industry practices and standards;
- Tail docking a Supplier must only tail dock cattle under veterinary advice or to treat injury or disease;
- Disbudding disbudding of calves' horns must be practised in preference to dehorning cattle at an older age and with appropriate pain relief;
- Lameness Suppliers must seek to minimise lameness through adoption of practices for prevention, early detection and effective treatment on-farm; and
- Calving induction management strategies must be implemented to eliminate the requirement for calving induction. More information on animal welfare standards and practices can be obtained from Dairy Australia, check the website or call 03 9694 3700. Suppliers must be aware of and comply with the following standards and guidelines:
 - Australian Animal Welfare Standards and Guidelines
 - Land Transport of Livestock Standards and Guidelines
 - Bobby Calf Transport Standards & Guidelines

10.2 ANIMAL HEALTH & WELFARE PLAN

Animal Health & Welfare aims to add value to a Supplier's farm management system and demonstrate to TasFoods's customers and government regulators that the care of the Supplier's animals on farm are managed effectively.



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An Animal Health & Welfare Plan sets out the objectives, minimum requirements, guidelines and record templates that a Supplier can implement in order to meet industry requirements, relevant laws, regulations, industry guidelines and animal welfare codes of practice to meet regulatory requirements and industry standards. It outlines potential risks and provides options and information for controlling those risks. TasFoods will work with the Supplier to develop the Animal Health and Welfare Plan.

10.3 ANIMAL WELFARE CONCERNS

TasFoods takes issues of animal welfare very seriously and has no tolerance for animal cruelty.

TasFoods may provide guidance to its Suppliers to ensure they are aware of their obligations on animal welfare. However, it is each Supplier's responsibility to ensure they meet and adhere to animal welfare laws, standards and practices.

TasFoods may suspend the collection of Milk from a Supplier if TasFoods has reason to suspect that there may be material animal health or welfare issues with respect to the Supplier's milking herd or other stock in their care.

Suppliers must notify TasFoods immediately of any occurrence or advice of a Government agency or RSPCA animal welfare investigation or inspection in relation to its farm. The Supplier has a right to present TasFoods with evidence that there are no animal health or welfare issues. TasFoods must consider any such material reasonably and in good faith.

10.4 ENZOOTIC BOVINE LEUCOSIS

Enzootic Bovine Leucosis (EBL) is a viral disease that affects cattle of any age and is widespread throughout the world. It is a notifiable disease in all the States and Territories of Australia and is included in the World Organisation for Animal Health (OIE) list of cattle diseases.

EBL is spread between animals by direct contact and is therefore more common in intensive cattle production areas such as the dairy industry. In a small percentage of cattle, the virus will cause cancer. Most infected animals remain free of symptoms but become carriers of the disease for life. The virus is present in the Milk of infected cows but is killed by pasteurisation.

The Australian dairy industry has achieved EBL Free Status. This means that EBL has been eradicated from dairy herds and all dairy cattle in Australia have tested negative to EBL either individually or through bulk samples. EBL Free Status is monitored by way of surveys which involve bulk Milk testing of herds at least once every three years. EBL occurs in beef cattle in Australia and to maintain EBL Free Status of the national dairy herd any beef cattle introduced to dairy farms must be EBL negative.

To support EBL Free Status, Suppliers must:

- continue to supply Milk samples for bulk Milk testing every three years as requested by TasFoods;
- continue biosecurity controls that prevent the introduction of EBL by testing any introduced beef cattle, particularly bulls, and minimising contact between beef and dairy cattle; and



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• meet all costs associated with the EBL scheme resulting from non-compliance within their herd.

10.5 BOVINE IOHNE'S DISEASE

Bovine Johne's disease (BJD) is a chronic bacterial enteritis caused by infection of the gut with Mycobacterium paratuberculosis affecting cattle and other ruminant species – goats, deer and alpaca. It occurs in many countries throughout the world and in Australia is more common in dairy cattle in south-eastern Australia. It is a notifiable disease in all States and Territories of Australia.

Cattle-producing regions of Australia have been divided into zones and areas according to the prevalence of BJD. These zones, together with the herd classification scheme based on herd testing history, provide information to assist decisions on the movement of cattle in relation to the risk of spread of BJD. Western Australia is a BJD Free Zone, Northern Territory and Queensland and beef herds in New South Wales and South Australia are BJD Protected Zones, while Victoria and Tasmania and dairy herds in New South Wales and South Australia are BJD Management Areas.

To support the control and reduction of BJD, Suppliers must adopt the 3-step calf plan:

- Calves must be taken off the cow within 12 hours of birth;
- Management of the calf-rearing area must ensure that no effluent from animals of susceptible species comes into contact with the calf; and
- Calves up to 12 months old must not be reared on pastures that have had adult stock or stock that are known to carry BJD on them during the past 12 months.

10.6 CLONED ANIMALS

TasFoods has a policy of not accepting Milk from cows which are cloned or are the first generation offspring of clones due to the animal welfare and reputational concerns around this practice.

The Supplier must not supply Milk from any cow which is:

- a genetic clone; or
- the first generation offspring of a genetic clone e.g. through direct mating, embryo transfer, artificial insemination, or other method.

10.7 OESTRADIOL RESTRICTIONS

In 2008, as a response to changes in export market requirements, the Australian dairy industry implemented a voluntary restriction on the use of oestradiol in lactating dairy cows.

Oestradiol is not permitted for use unless for the purpose of oestrus synchrony programs in non-lactating heifers. Please contact the Supplier's local veterinarian for advice on suitable alternatives.

10.8 RECOMBINANT BOVINE SOMATOTROPIN (rBST)

TasFoods does not permit the use of lactation hormones such as rBST in the animals producing Milk for TasFoods.



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10.9 Genetically Modified Organism (GMO's)

TasFoods' policy is to avoid the use of genetically engineered or genetically modified (GE/GM) materials whenever possible. For example, the ingredients that TasFoods uses in its products are purchased against documented assurances as to their non-GE/GM status. In the case of milk, TasFoods' preference is that Suppliers avoid GE/GM feed for their cows whenever possible, and seek warranties (vendor declarations) at all times in regard to the GE/GM status of purchased feeds.

However, TasFoods recognises that there are times when feed of non-GE/GM status is either in extremely short supply or that the cost of non-GE/GM feed is prohibitive given economic realities. In such times, and especially in periods of drought, TasFoods accepts that feed containing GE/GM substances may have to be used. When situations return to normal availabilities of feed, TasFoods expects that Suppliers will do all in their power to avoid the purchase of feed containing GE/GM materials.



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11. OTHER

11.1 STATUTORY LEVIES

Dairy Australia Levy

Under Commonwealth legislation, a mandatory levy is payable on dairy produce to provide funding for marketing, research and development carried out through Dairy Australia. A further component is used to fund the Animal Health Australia program. The statutory levy is not subject to GST. The current rate and full details of the dairy levies can be found at www.agriculture.gov.au/ag-farmfood/levies/rates/dairy

State Dairy Regulatory Authority Levy

The Dairy Industry Act 1994 in Tasmania give the respective state dairy regulatory authorities (Tasmanian Dairy Industry Authority) the power to set levies or licence fees for the issue, transfer and renewal of dairy industry licences. The levies or fees are set in consultation with representatives of the respective state's dairy industry. These levies or fees are not subject to GST.

For the current levy rates or fees refer to the following:

Tasmanian Dairy Industry Authority PO Box 303 DEVONPORT TAS 7310 Phone: 03 6421 7689

Fax: 03 6421 7667

These levies or fees will be deducted from the Supplier's Milk payment, and details will be outlined under the charges section in the Supplier's monthly Milk pay statement.

12. ADMINISTRATION

12.1 INSTRUCTIONS TO TASFOODS

A Supplier must:

- sign all agreements, instructions and notices as follows:
 - if the Supplier's Farm is in joint ownership, all joint owners must sign;
 - if the Supplier's Farm is owned by a partnership, all partners must sign;
 - if the Supplier's Farm is owned by a trust, all trustees must sign; and
 - if the Supplier's Farm is owned by a company, two directors, or a director and company secretary or a duly authorised signatory on behalf of the company must sign;
 - ensure an attorney who signs an instruction or, on the Supplier's behalf notice, sends a copy of the power of attorney and otherwise confirms to TasFoods's reasonable satisfaction that the power has not been revoked;



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- give TasFoods any instructions to change the Supplier's personal information (including bank accounts) in writing by the end of the month in which the change occurs; and
- ensure that any changes in share farming arrangements are signed by both the Farm owner and the sharefarmer.

12.2 RECORDS

TasFoods will keep records of the Supplier's supply history and its relationship with the Supplier for a fixed period consistent with its record retention policy.

TasFoods will treat its records (including test results) as accurate unless the Supplier proves to TasFoods that the records are inaccurate or defective in some way.

12.3 YOUR PRIVACY

TasFoods collects, uses, stores and discloses the Supplier's personal information, and where appropriate, will allow its related bodies corporate to use the Supplier's personal information for:

- business purposes, including assessing the Supplier's credit-worthiness;
- providing the Supplier with services;
- collating its financial information;
- meeting its legal obligations;
- research;
- administering its relationship with the Supplier; and
- for other purposes relating to the dairy industry.

All personal information, including photographs, are kept at appropriate premises by, or on behalf of, TasFoods. The Supplier can access and correct personal information by contacting TasFoods.

The Supplier agrees that TasFoods (and any of its related bodies corporate) may:

- use the Supplier's personal information and give that information to third parties for the purposes set out above; and
- make enquiries about the Supplier to third parties.

The Supplier also agrees to third parties providing personal information about the Supplier to TasFoods and its related bodies corporate for the purposes outlined above. If the Supplier does not provide us with all personal information requested, TasFoods may not be able to undertake the above mentioned purposes.

These authorisations are for the benefit of TasFoods and its related bodies corporate and apply in the context of the Privacy Act 1988 (Cth) (including amendments thereto) and all other applicable laws, statutes and regulations.



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For more information about how TasFoods handles personal information, how to access and correct it, how to make a complaint and how we handle complaints, the TasFoods Privacy Policy can be viewed at www.tasfoods.com.au/corporate governance

12.4 TASFOODS 'S CONFIDENTIAL INFORMATION

As set out in the Milk Supply Agreement, the Supplier must not disclose the terms of the Milk Supply Agreement and other information it becomes aware of regarding TasFoods 's affairs, operations and business to anyone.

Suppliers can disclose TasFoods' confidential information in legitimate circumstances, such as:

- where disclosure is required by law; or
- to obtain legal or financial advice.

12.5 NO OBSTRUCTION

The Supplier must not obstruct, hinder or otherwise prevent TasFoods from complying with any of its legal obligations once TasFoods has made the Supplier aware of its relevant obligations. If the Supplier persists in such obstruction, hindrance or other prevention, TasFoods may terminate its agreement with the Supplier for the supply of Milk.

12.6 DISPUTES

If the Supplier disagrees with a decision made by TasFoods concerning the Supplier's relationship with TasFoods, the Supplier must utilise the complaint handling process as outlined in the Milk Supply Agreement.

If the matter is a dispute under the Supplier's Milk Supply Agreement, the dispute resolution process under that agreement must be followed.

13 PRICING

13.1 MONTHLY QUALITY BONUS

TasFoods offers a Monthly Quality Bonus to Pyengana Suppliers as an incentive to grow their production through investment in their farm business.

The Monthly Quality Bonus will be paid on the Net Payment to the Supplier after the deduction of all levies. The Monthly Quality Bonus will be paid at a rate of 10 percent unless otherwise agreed.

Payments will be made monthly in line with the Milk Supply Agreement and will be subject to the achievement of the TasFoods Milk Quality Testing Regime.

13.2 WINTER MILK SUPPLY

TasFoods offers a Winter Milk Supply Bonus to Pyengana Suppliers as an incentive for the continuity of supply through the winter months (i.e. May to August).

The Winter Milk Supply Bonus will be paid at a rate of 2 cents per litre unless otherwise agreed.

Payments will be made monthly in line with the Milk Supply Agreement and will be subject to the achievement of the TasFoods Milk Quality Testing Regime.



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13.3 HERD RECORDING REBATE

The Herd Recording Rebate (HRR) provides Suppliers with a rebate of up to 30% of herd testing expenses, up to a maximum of \$3.50 per cow during the supply period.

The herd testing process includes an assessment of individual cow yield measurements (i.e. milk volume, fat and protein) and Bulk Milk Cell Count scoring.

Herd testing is an important tool in farm management, helping farmers make decisions relating to cow selection, breeding, feeding, drying off and Bulk Milk Cell Count management. Tasfoods' offers the rebate to suppliers as an incentive to engage in herd testing. You are eligible for the HRR on the following conditions:

- a) The HRR is available to suppliers, including sharefarmers, and covers herd testing expenses only. It does not apply to any other products (for example, artificial insemination costs);
- b) The HRR applies to testing carried out by the supplier's tester of choice, provided the tester is a recognised herd test centre. The HRR is applied to monthly testing, less frequent testing and spot testing. A limit of \$3.50 per cow per production season applies;
- c) You provide us with supporting documents including annual statements, invoices and receipts as required by us, that includes information about the number of cows tested and the cost of testing and the supporting documents must align to the period of the milk supply agreement;
- d) If you are a supplier with permanently installed in-shed Somatic Cell Count monitoring equipment, you may also be eligible to receive the HRR. Please contact the TasFoods Milk Supply Officer for further information;
- e) Payment will be made in the following month as part of the regular milk pay schedule.
- f) The HRR is offered for the first 12 months of the supply period or until 30 June 2022 whichever is earlier, unless otherwise agreed.

The HRR will not be subject to the Monthly Quality Bonus.

13.4 MILK COOLING INCENTIVE (MCI)

The MCI is payable from TasFoods to the Supplier equal to 20% of the total purchase price (exclusive of GST) of approved cooling equipment and services associated with installation of the equipment for works done during the supply period or until 30 June 2022 whichever is the earlier.

The Supplier is eligible for the MCI on the following conditions:

- a) The equipment purchase is approved by TasFoods in writing prior to the purchase at TasFoods' sole discretion;
- b) The equipment is for the purpose of supplying TasFoods with milk;
- c) The Supplier must provide TasFoods with supporting documents including quotes, invoices and receipts on request;



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d) The equipment must be:

- (i) for the purpose of achieving a daily cooling capacity greater than 1.5 times the Supplier's peak day's production during the previous season and/or significantly improving the cooling capacity of the current equipment to a level that is acceptable to TasFoods, and the total number of vats post installation must not exceed 2;
- (ii) associated with cooling milk, including vats, chillers, plate coolers, cooling towers, associated pumps and thermal storage vessels. It may also include the cost of delivery, refrigeration installation to the existing water pressure system and electrical installation to the existing fuse board;
- (iii) compliant with the Australian Standard 1187:1996 'Farm milk cooling and storage systems' as it pertains to refrigerated vats;
- (iv) fitted with a vat outlet that is not less than three inches / 7.62 cm; (v) capable of achieving a maximum milk cooling of 5°C in 3.5 hours from the commencement of milking.
- e) However, if the Supplier has not kept to all their obligations under the agreement, or TasFoods has notified you that we think you have not kept to any of your obligations under the agreement then you will only be paid a portion of the MCI for the period when you were fully keeping to the agreement and may be required to repay any overpayments to TasFoods;
- f) Payments of the MCI are made over 36 months, unless otherwise agreed.
- g) If TasFoods ends the agreement because the Suppliers has materially breached the agreement, then the Supplier may be required to repay TasFoods a portion or the whole amount of the MCI that TasFoods has paid you, as we determine.
- h) If the Supplier terminates the agreement because TasFoods has not kept to our obligations, or as otherwise allowed by the Dairy Code, then the Supplier will still be entitled to be paid, or retain as the case may be, a portion of the MCI. The portion that TasFoods needs to pay to the Supplier or the Supplier needs to pay to TasFoods as the case may be, is calculated on the basis of the proportion of the supply period completed before the termination.

The MCI will not be subject to the Monthly Quality Bonus.



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Contacts:

Pyengana Dairy Milk Supply Officer: Deb Morice. debbie.morice@tasfoods.com.au 0408 990 927

Pyengana Dairy Production Manager: Darren Lewis. darren.lewis@pyenganadairy.com.au. 6373 6157

TasFoods Quality Assurance – Dairy: Marci Khandani. QA@bettamilk.com.au 6433 0002

TasFoods Dairy Logistics Manager: Rachelle Kelly. rachelle@tasfoods.com.au 0418 836 177

TasFoods CEO: Jane Bennett. Jane.Bennett@tasfoods.com.au. 0418 567 480

Dairy Operations Manager: Leigh Austin. Leigh.austin@tasfoods.com.au. 0488 773 289