



MILK SUPPLIER HANDBOOK

National Edition 2



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Lactalis Australia's Vision

*TO HAVE EVERY DAY CONSUMERS RECOGNISE LACTALIS AS
THEIR FIRST CHOICE PROVIDER OF TASTY AND NUTRITIOUS DAIRY
PRODUCTS AND BEVERAGES*



About Lactalis

Company History in Australia

We are a national dairy company with a long and proud history in Australia, a history that commenced with the opening of the Pauls milk factory on the banks of the Brisbane River back in the 1930s. More than 80 years on, we are now part of a global dairy organisation that brings nutrition and wellness to people all over the world. We have great brands and great people. We continue to invest and expand in Australia, setting the benchmark for the dairy industry locally and playing an ever-increasing role in the export of dairy products into Asia.

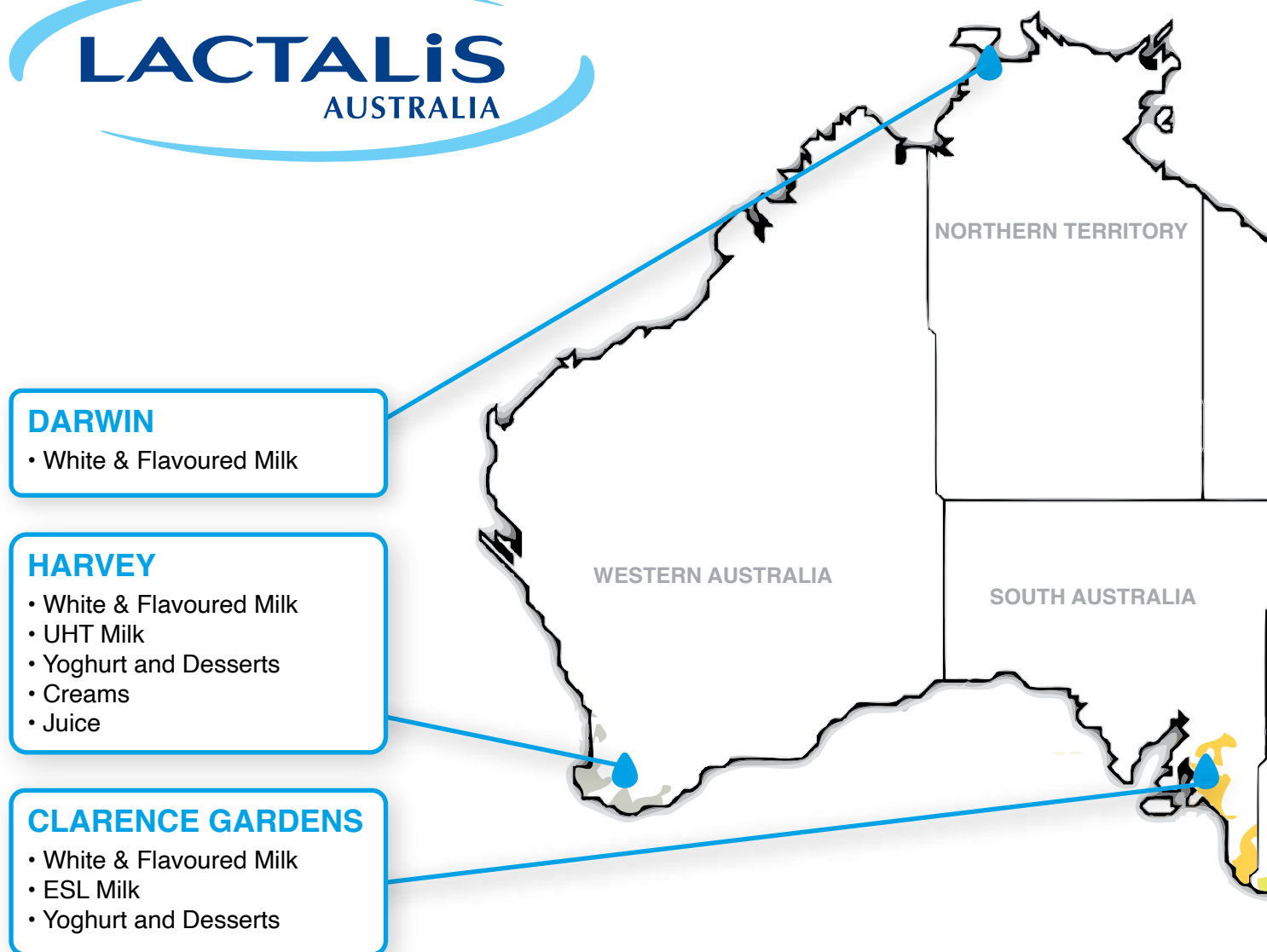
Lactalis Australia and Lactalis Group

Lactalis Australia is owned and operated by the Lactalis Group. A third generation, French family owned business, Lactalis Group is the world's largest fresh dairy company with over 250 production sites and 80,000 employees across 94 countries.

Lactalis Australia benefits from the multi-national scale and ambition of its parent company, without sacrificing any of the proud local heritage and traditions that began with the original Pauls milk business in 1932.









At the heart of business locally, we have 2500 passionate employees, working closely and constructively with some 500 Australian farmers to produce the finest dairy goods in the country.



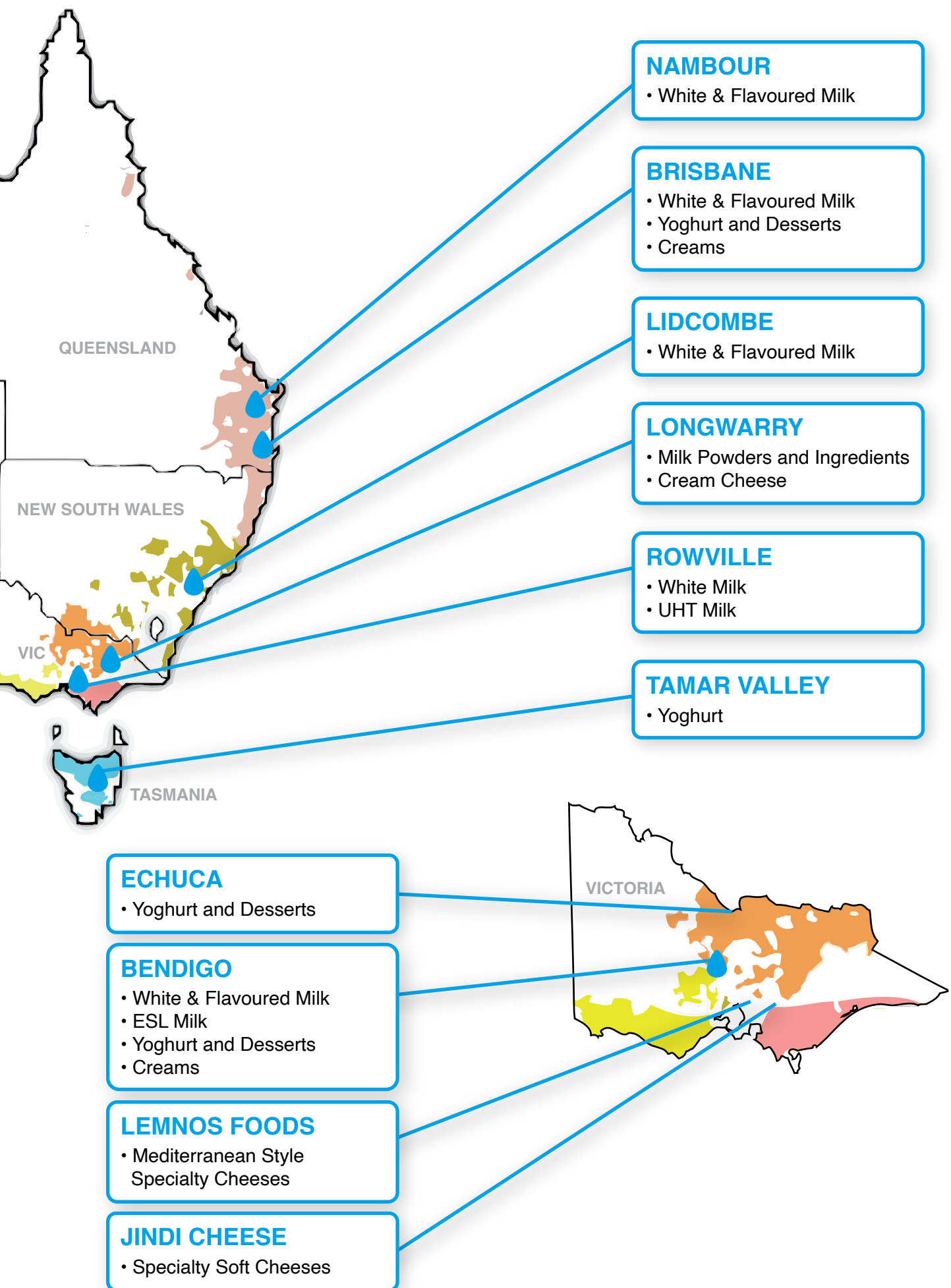


LACTALIS AUSTRALIA

LEGEND OF DAIRY FARMING AREAS BY REGIONAL DEVELOPMENT PROGRAM

 Dairy Industry Development Company	 Murray Dairy
 DairySA	 Subtropical Dairy
 DairyTas	 WestVic Dairy
 GippsDairy	 Western Dairy

 **Lactalis Site**



Our Brands

Pauls Milk, Ice Break Iced Coffee, Tamar Valley and Vaalia yoghurt, Oak and Breaka flavoured milk are leading examples of Lactalis Australia products which over the years have become synonymous with high quality and Australian community values.



PAULS

.....

Pauls is Extraordinary Dairy. Catering for your whole family's needs with a nutritious range of milk, custard, yoghurt and creams. Pauls, a family tradition for more than 75 years.



VAALIA

.....

With a special combination of live and active probiotic cultures, Vaalia is deliciously creamy yoghurt that makes you feel good.



TAMAR VALLEY

.....

There's nowhere on earth like the rolling hills of the pristine Tamar Valley in Tasmania. We think it's the perfect place to create our range of thick and creamy yoghurts. Tasmanian Tamar Valley Dairy tastes delicious because we make it in Tasmania from locally sourced fresh milk. But don't take our word for it, taste the Tassie goodness in Tasmanian Tamar Valley Dairy for yourself.



LEMNOS

.....

Lemnos offers a range of delicious and authentic Medeterrean style cheeses. Representing the No. 1 Haloumi brand in Australia and an extensive range of quality Fetta cheeses, Lemnos crafts cheeses to traditional recipes so you can share a little bit of the Medeterrean. Celebrate life the Medeterrean way!



ICE BREAK

.....

Perfect to get your day going and keep you pumping, nothing satisfies quite like and ice cold Ice Break. With heaps of pack sizes available, Ice Break is ready for anything and everything. Bring It On!



OAK

.....

Oak really hits the spot when you're hungrythirsty. An Australian favourite for more than 40 years with its wide range of rich, creamy and authentic flavours - OAK is always the answer. Full flavour, full strength, full on.



PRÉSIDENT

.....

Président® is one of the world's premier cheesemakers and the number one brand of cheese in France. Through over 75 years of French tradition and expertise, Président has become the hallmark of taste and quality.



GALBANI

.....

130 years of inspiration from Galbani, the No. 1 cheese brand in Italy! With Galbani fresh mozzarella and bocconcini, your family can enjoy the deliciously fresh, authentic taste of Italian style cheese made right here in Australia.



Home cooking calls
for Président Butter



General Information



1. General Information

1.1 Abbreviations

Within this document the following abbreviations/definitions are used.

ABBREVIATION	FULL NAME
ABN	Australian Business Number
ACCC	Australian Competition and Consumer Commission
ADIC	Australian Dairy Industry Council
ADF	Australian Dairy Farmers
Agreements	Milk Supply Agreement
AMRA	Australian Milk Residue Analysis
BJD	Bovine Johne's Disease
BMCC	Bulk Milk Cell Count
bST/BGH/rbST	bovine Somatotropin/Bovine Growth Hormone/recombinant bovine Somatotropin
CAR	Corrective Action Request
CPL	Cents per litre
Codex	Codex Alimentarius
EBL	Enzootic Bovine Leucosis
GE / GM	Genetically Engineered / Genetically Modified
GMO	Genetically Modified Organism
GST	Goods and Services Tax
ICCC	Individual Cow Cell Count
MRL	Maximum Residue Limit
NPP	National Privacy Principle
Q&Q	Quality and Quantity Statements
SCC	Somatic Cell Count

1.2 Application of these Quality Provisions

The Quality Provisions set out in this Handbook form part of the Milk Supply Agreement. It should be read in conjunction with the QDairy farm food safety manual.

This Handbook provides guidelines and compliance requirements for quality, milk collection and testing of the Suppliers' milk.

1.3 Farm Supply Intentions

Balancing milk supply and demand across multiple factories in the milk supply environment of Australia is a significant challenge. Central to this task is Lactalis having an accurate view of Suppliers' intentions. Therefore, the Supplier agrees to use their best endeavours to provide a 'Projected Monthly Supply Volume' to Lactalis as requested.

A Projected Monthly Supply Volume refers to:

- The expected supply volume based on the same month for the prior year, or
- The projected supply volume for the month as designated by the Supplier.
- Where there are no figures for the prior year, the parties will agree on a suitable Projected Monthly Supply Volume.

1.4 Minimum Supply Requirement

The minimum supply requirement is 400 litres for each tanker collection.

Lactalis may choose to suspend milk collection from any Supplier who fails to provide a minimum of 400 litres per collection. However, Lactalis will work with all Suppliers likely to be impacted by this requirement to ensure that they are fully informed of the issue and are in a position to make appropriate decisions for their business.

It is the responsibility of the Supplier to ensure they have sufficient vat capacity to allow for a maximum of once per day collection.

1.5 Administration

All Suppliers receive both Quality & Quantity (Q&Q) and payment statements by email. Posting of statements stopped in April 2020.

1.6 Payment for Supply

General

The Supplier will be paid for milk supplied in accordance with the prices and methods set out in the most recent Lactalis published price relevant to the Lactalis region the Supplier is located in. Payment will be made on the 15th day of the month following supply. However, if the 15th falls on a weekend or public holiday, payment will be made on the last working day prior to the 15th.

All Supplier payments will be made to a designated bank account. Any Supplier failing to provide bank account details will have all payments held by Lactalis until details are received. All instructions regarding payment are the responsibility of the Supplier. In the event a payment error is made, an adjustment will be made in the following month's payment.

Goods and Services Tax

Sales of unpasteurised milk are subject to GST. Each month, as part of its payment to Suppliers for milk, Lactalis pays GST.

The GST legislation requires sellers of goods and services to provide a tax invoice quoting the ABN and showing the amount of GST charged with the sale (where GST applies). The impact of this requirement is that each Lactalis Supplier is required to provide Lactalis a monthly tax invoice. However, as Lactalis calculates the payments, Lactalis generates a tax invoice on behalf of each farm, referred to as a 'recipient created tax invoice' (RCTI). The monthly RCTI is emailed on or about the 15th day of the month.

GST is not payable on payments to banks for loans, etc. Therefore, any deductions made from Supplier milk payments for loan repayments, etc., are not subject to GST.

Share Farm or Lessee Payments

Lactalis has an agreement with the Supplier. The Supplier may determine that a percentage payment is to be made on behalf of a sharefarmer or lessee. Details of any such payments are to be provided in writing to Lactalis.

1.7 Supplier Rebates

Milking Machine Service Rebate & Vat Service Rebate

Lactalis provides Suppliers two rebates to assist with dairy plant servicing: a Milking Machine Service Rebate and a Vat Service Rebate. Suppliers are eligible to request one Milking Machine Service Rebate and one Vat Service Rebate per year. The rebates cover the full cost of labour and travel time for each service (excluding GST only). Parts are not eligible under the rebates.

Suppliers are to pay for the service and then submit a copy of the itemised invoice to Lactalis for reimbursement. Invoices must be received no later than three months from the date of the service in order to be eligible for reimbursement.

Vat Replacement Subsidy

Lactalis provides financial assistance to Suppliers to upgrade their milk cooling capability with the purchase and installation of a new or second-hand milk vat. This assistance is in the form of a 20% subsidy on the value of the vat and associated cooling equipment, (including generators for milk cooling as approved by your supplier relationship manager), including installation costs (excluding GST). To be eligible for this assistance, the following criteria must be met:

- All milk vats must comply with the Australian Standard for Farm Milk Cooling and Storage Systems (AS 1187)
- All vats must have a 75 mm outlet, or an equivalent adaptor
- Vat capacity must be increased to at least 1.4 times peak daily production
- The above-mentioned vat capacity must be achieved with no more than two vats being installed and in use on the farm
- The vat must be positioned so that the outlet is no more than six metres from the tanker connection and no more than three metres from the tanker access doorway
- The Supplier must supply Lactalis a minimum of three years or the subsidy will be deducted from the final milk proceeds on a pro rata basis following receipt of the subsidy payment

Where all the above criteria are met, Suppliers should contact their Supplier Relationship Manager for the subsidy amount to be calculated and paid.

Herd Recording Rebates

Lactalis will provide a rebate on Suppliers' annual herd recording of \$3.50 per cow each year of the Agreement.

Regular herd testing provides farmers with valuable information about individual cow cell counts, to help:

- Identify individual cows that may be causing the Bulk Milk Cell Count to rise
- Track new infection rates during key times of the year
- Make decisions about the drying-off treatment strategy
- Make decisions about culling

Herd testing also provides information on milk yields to aid in drying-off decisions in late lactation.

Lactalis would like to encourage as many of its Suppliers as possible to conduct herd testing and to use the results in their farm management decisions. The data from herd recording is also used by wider industry for sire progeny testing.

The eligibility requirements for the Herd Recording Rebate are as follows:

An annual statement of the Supplier's herd testing costs for the previous agreement year (1 July to 30 June) must be submitted to Lactalis by 31 July of the new agreement year.

The Supplier must use a recognised herd recording centre to carry out the testing, and the statement must show the number of cows tested and the total testing costs.

Payment of the Herd Recording Rebate will be made with the monthly milk payment for July (i.e. on or about 15 August).

The Herd Recording Rebate will be subject to an annual review and any changes will be communicated to Suppliers in advance of the next year of the Agreement.

1.8 Insurance Cover

Lactalis will not be responsible for payment for milk not collected due to either:

- adverse weather conditions (e.g. flooding, fire etc), or
- where government authorities have restricted farm access for public health or safety reasons, or
- if the tanker cannot access the farm for any reason, or
- if the milk is contaminated or unsuitable for collection.

Suppliers are advised and encouraged to insure against such events.

Requesting a Letter for Insurance Purposes

Should it be necessary for a Supplier to make an insurance claim, and supporting information is required, please contact Supplier Services for assistance.

For milk which has been dumped on farm due to the presence of antibiotics, a letter for insurance purposes will only be provided if that milk has been approved for dumping by a Lactalis representative.



Pauls®

custard



INSPIRED BY

A decadent, extra creamy custard, inspired by a flavour
you know and love!

Pauls is proud to introduce the latest flavour sensation in
our partnership with Nestlé – Peppermint Crisp inspired
Choc-Mint Flavoured Custard!!

With a classic Choc-Mint flavour, snack time just got a lot
more delicious!



Milk Quality Provisions



2. Milk Quality Provisions

2.1 *Quality Accreditation and Other Standards*

Raw milk will only be collected from premises that are licensed to produce milk.

Suppliers must comply with state legislation and Lactalis requirements with regard to compliance with these Quality Provisions.

Any Supplier who fails an audit could be immediately suspended from supply until the cause of the failure is rectified.

Suppliers who have a minor or major non-conformance raised at their audit must ensure they rectify the non-conformance within the required timeframe.

2.2 *Sampling*

Milk samples for composition and cell count testing are taken automatically at every collection by either an inline drip sampler which is fitted to the tanker or a dip method directly from the vat. These sampling methods are designed to ensure a representative sample of the milk is taken from the collection.

Before pumping into the tanker, the driver will agitate the vat to ensure an adequate distribution of components throughout the milk.

Drip Sample Collection - During Loading

These samples are collected from a hygienic sampling device which is fitted to the tanker, and collects small quantities of milk during loading.

All sample bottles are labelled to identify the collection, Supplier and analysis requirements.

Samples are aseptically collected in a sterile sample bottle, which is sealed and stored, on ice or under refrigerated conditions until analysis is completed.

Directly From the Vat DIP Method

In the case where a drip sample is not possible, or may not be sufficiently filled, where possible, a manual dip sample must be taken.

All sampling equipment is sterilised using a 250ppm chloride solution or 70% alcohol solution.

2.3 *Volume Measurement*

The volume of each collection will be measured for payment purposes by a calibrated flow meter fitted to the milk collection tanker. It is a Lactalis requirement that the carrier collecting the milk, meets and conforms to all relevant regulatory requirements and uses and maintains all volume and temperature recording equipment according to all national measurements legislations and trade measurement regulations.

Lactalis' requirements:

Any flowmeter 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 collection vehicle must be calibrated on a 6 monthly basis.

2.4 Testing

Point of Collection

Prior to collection, the driver assesses time and temperature cooling profile and completes a sensory evaluation (odour and visual appearance) for potential contamination, food safety risk, and milk quality deterioration. More specific testing may be required at the company's discretion.

Point of Delivery

When the milk is delivered, it is tested by the receiving site for contaminants and milk quality. If it does not meet these standards, individual farm samples are tested to detect the source of the contamination or defective milk collection, for example antimicrobial substance residue.

An independent external milk testing service provider tests all collection samples for components, somatic cell content, bacteriological content and residues and a range of other tests as required. These results are then reported to the Supplier and Lactalis.

Milk composition (fat & protein) is measured on a mass volume basis.

These test results, the volume collected and the provisions within this agreement are used to determine the payment for each collection.

2.5 General Quality Standard Provisions

Quality premiums or deductions will be applied to the base rates for each collection of milk, as detailed in the Milk Quality Testing Summary (section 2.6). Quality deduction percentages (+/-) for each collection are added together, up to a maximum collection deduction of 50% (excluding antibiotics and other serious milk quality issues, which over-rule other deductions). The finalised percentages for each collection will be what is shown on Suppliers' monthly milk statements.

Any adverse or non-compliant test result could result in Lactalis conducting an audit of the Supplier's Quality Assurance Program (QDairy) to assist with improving the farm management system.

Any failure on quality issues which results in the contamination of other milk may render the Supplier liable for the cost of all milk contaminated, including costs for additional testing, segregation, extra transport, and processing/disposal of the contaminated milk. Such contaminants may include, but are not limited to:

- Antibiotics
- Blood
- High microbial counts to such a level that the tanker load is rejected by the receiving factory
- Agricultural or veterinary chemicals

2.6 Milk Quality Testing Summary

	TEST FREQUENCY	TEST RESULT	PERCENTAGE (+/-)
SENSORY ASSESSMENT	Every collection of milk, prior to loading by the tanker driver	Pass	0%
		Fail (due to any objectionable odours and/or foreign matter)	Milk is rejected
TEMPERATURE	Every collection of milk	≤5°C	0%
		>5°C – no prior notification of cooling failure	0% Milk may be rejected
		>5°C – prior notification of cooling failure	0% If milk is deemed unsuitable for collection, it may still be paid for at base prices if prior notification has occurred, for first incident in a calendar year
ANTIBIOTICS	When antibiotics are detected on a tanker of milk ex-farm, each Supplier on that tanker will have their vat sample tested	Antibiotics present in milk tanker with NO PRIOR NOTIFICATION of possible or probable residues in milk	-100% + costs No payment for the full consignment of milk. Full costs may be recovered and retained by Lactalis for additional costs (see Section 9.12 – Antibiotics (Inhibitory Substances))
		Antibiotics present in farm vat with PRIOR NOTIFICATION of possible or probable residues in milk (i.e. milk not collected)	0% for first incident in a calendar year (milk is paid for at base prices)
FAT & PROTEIN	Every collection of milk	Milk Fat ≥ 3.30% m/v MINIMUM Protein ≥ 3.10% m/v MINIMUM	Lactalis may have a right to terminate supply contracts with Suppliers who fail to meet these standards. Before doing so, Lactalis will work with Suppliers on a plan for the improvement of their composition
		QLD: Protein ≥ 2.95% m/v MINIMUM	

	TEST FREQUENCY		TEST RESULT	PERCENTAGE (+/-)
BULK MILK CELL COUNT (BMCC) / SOMATIC CELL COUNT (SCC)	VIC/ SA/ TAS/ NSW	Every collection of milk	≤200,000 cells/mL	+3%
			201,000 – 300,000 cells/mL	0%
			301,000 – 400,000 cells/mL	-10%
			401,000 – 600,000 cells/mL	-20%
			>600,000 cells/mL	-30%
	QLD	Every collection of milk	≤200,000 cells/mL	+3%
			200,000 - 250,000 cells/mL	+1.5%
			251,000 – 300,000 cells/mL	0%
			301,000 – 400,000 cells/mL	-5%
			401,000 – 500,000 cells/mL	-10%
			>500,000 cells/mL	-22%
	WA	Every collection of milk	≤150,000 cells/mL	+5%
			151,000 – 200,000 cells/mL	+3%
			201,000 – 300,000 cells/mL	0%
			301,000 – 400,000 cells/mL	-10%
			401,000 – 600,000 cells/mL	-20%
			>600,000 cells/mL	-30%
BACTOSCAN ('BACTO')	Three times per month, at a minimum Additional testing may be conducted to determine the source of a tanker with a high Bactoscan count		≤80,000 IBC/mL	0%
			81,000 – 150,000 IBC/mL	-5%
			151,000 – 300,000 IBC/mL	-20%
			301,000 – 400,000 IBC/mL	-30%
			>400,000 IBC/mL	-40%

	TEST FREQUENCY	TEST RESULT	PERCENTAGE (+/-)
THERMODURIC PLATE COUNT ('THERMO')	Once per month, at a minimum	$\leq 2,000$ cfu/mL	0%
		2,001 – 5,000 cfu/mL	-5%
		5,001 – 10,000 cfu/mL	-20%
		$> 10,000$ cfu/mL	-30%
EXTRANEOUS WATER / FREEZING POINT	At Lactalis' discretion	$\leq -0.512^{\circ}\text{C}$	0%
		$> -0.512^{\circ}\text{C}$	The Supplier must provide reasons as to why collection will not be suspended Lactalis reserves the right to deny payment for the volume of water added and audit the operation
ACIDITY	At Lactalis' discretion	$\leq 0.14\%$	0%
		$> 0.14\%$	-100% Collection may be suspended
PH	At Lactalis' discretion	≥ 6.6	0%
		< 6.6	-100% Collection may be suspended
SEDIMENT / EXTRANEOUS MATTER	At Lactalis' discretion	Grade A or B	0%
		Grade C	-20%
		Grade D	-30%
PESTICIDES OR OTHER CHEMICAL CONTAMINANTS	At Lactalis' discretion The dairy industry also conducts contaminant testing as part of the Australian Milk Residue Analysis (AMRA) Survey (see section 9.15)	Below Australian MRL	0%
		Above Australian MRL	-100% Collection suspended
AFLATOXIN	At Lactalis' discretion The dairy industry also conducts aflatoxin testing as part of the Australian Milk Residue Analysis (AMRA) Survey (see section 9.15)	≤ 0.50 ppb aflatoxin M1	0%
		> 0.50 ppb aflatoxin M1	-100% Collection suspended

Application of Bonus/Deductions Explained

Bulk Milk Cell Count (BMCC)

The first three BMCC results per month above the top bracket will be treated as “advisory tests” and will be paid at the top bracket bonus rate.

Deductions are applied to each individual collection according to the range that the actual result falls within.

VIC/SA/TAS/NSW

Monthly Averages are used to vary the deductions as follows:

Where the weighted average for the month is less than or equal to 200,000 then the 3% bonus will be paid on all milk for the month, otherwise the bonus/deduction for each collection will apply.

QLD

Monthly Averages are used to vary the deductions as follows:

Where the weighted average for the month is less than or equal to 200,000 then the 3% bonus will be paid on all milk for the month, otherwise the bonus/deduction for each collection will apply.

Where the weighted average for the month is greater than 200,000 but less than or equal to 250,000 then the 1.5% bonus will be paid on all collections greater than 200,000. Any collections less than or equal to 200,000 during the month will have the 3% bonus stand.

WA

Monthly Averages are used to vary the deductions as follows:

Where the weighted average for the month is less than or equal to 150,000 then the 5% bonus will be paid on all milk for the month.

Where the weighted average for the month is greater than 150,000 but less than or equal to 200,000 then the 3% bonus will be paid on all collections greater than 150,000. Any collections less than or equal to 150,000 during the month will have the 5% bonus stand. Otherwise the bonus/deduction for each collection will apply.

Bacto

Deductions are applied to each individual collection according to the range that the actual result falls within.

Suppliers are eligible to receive no percentage deduction for Bactoscan quality failures on the first three collections with results > 80,000 IBC/mL (“advisory tests”) in each new testing round. Suppliers who are on follow-up testing for Bactoscan that continues from one month into the next will not be eligible for deduction-free collections until they have received three consecutive results ≤ 80,000 IBC/mL.

Thermo

Deductions are applied to each individual collection according to the range that the actual result falls within.

Suppliers will not receive a percentage deduction for thermoduric quality failures on the first six collections with results > 2,000 cfu/mL (“advisory tests”) in each new testing round.

2.7 Milk Temperature

Milk stored at greater than 5°C for any length of time increases bacterial activity, resulting in a reduction in milk quality. Suppliers are required to reduce the temperature of their milk to 5°C or less as quickly as possible, and maintain this temperature until the milk is collected.

Milk is required to be cooled to $\leq 5^{\circ}\text{C}$ within 2 hours and 20 minutes from completion of milking (“cups off time”) and maintained at that temperature until collected.

Milk cooling must be compliant with the industry standard ‘milk cooling curve’, as demonstrated in the table below.

TIME SINCE END OF MILKING	TEMPERATURE ($^{\circ}\text{C}$)	
	ONE MILKING IN VAT	TWO OR MORE MILKINGS IN VAT
0 min	25.0	15.0
20 min	22.2	13.6
40 min	19.3	12.2
1 hr	16.5	10.8
1 hr 20 min	13.7	9.3
1 hr 40 min	10.8	7.9
2 hr	8.0	6.5
2 hr 20 min (and any time onwards)	5.0	5.0

Milk rejected by the tanker driver for failing a sensory test as a result of high storage temperatures will not be collected and therefore will not be paid for.

Suppliers are not to place freshly-harvested milk on top of milk that has not been cooled and maintained at 5°C or below.

Milk will not be collected under any circumstances from storage vessels that are not refrigerated.

Suppliers are required to check their vat thermometer compared to a calibrated thermometer such as the tanker thermometer as per the QDairy Manual.

Suppliers should check the temperature recorded on each tanker slip, SMS or Q&Q statement and call Lactalis if they believe the recorded temperature is incorrect.

IMPORTANT: A record of milking completion times must be clearly displayed in the milk vat room to allow the driver to complete a time/temperature assessment before collecting the milk. If the milk is over 5°C and the milking completion time is not displayed, the milk may not be collected.

Vat Temperature Monitoring

Lactalis encourages suppliers to install a real time vat monitoring device to provide alerts if cooling issues arise, but also ask suppliers to ensure any such device is compliant with Lactalis milk data management requirements. Please contact your Supplier Relationship Manager for this information.

2.8 Age of Milk

Milk which has been harvested in excess of 48 hours prior to collection will not be collected unless with the approval of the National Milk Quality Manager.

2.9 Bactoscan (Bacto)

The Bactoscan test measures the total number of bacteria present per millilitre of milk. Bacterial contamination of milk is the main cause of milk and product spoilage. For pasteurised milk to achieve the “Use By” date, it is necessary to start with a clean raw product.

Milk is tested by Bactoscan at a minimum of 3 times per month.

Milk is expected to be $\leq 80,000$ IBC/mL.

Any Supplier whose milk returns a result of $> 80,000$ IBC/mL will be subject to follow-up testing on the next samples collected from the farm, until three consecutive results $\leq 80,000$ IBC/mL are received.

Additional testing may be conducted to determine the source of a tanker with a high Bactoscan count.

If a Supplier has a Bactoscan rolling geometric mean of greater than 417,000 IBC/mL (TPC equivalent of 100,000 cfu/mL) for longer than two months and adequate action is not being taken to resolve the issue, Lactalis has the right to cease collection.

2.10 Thermotolerant Bacteria

The thermotolerant test is completed at a minimum of once per month. The test is designed to detect heat-resistant types of bacteria in milk. The milk sample is pasteurised so that only the heat-resistant bacteria remain, then the sample is plated and incubated for 72 hours (three days). This means that the test result is available three days after a Supplier’s milk sample arrives at the testing laboratory.

As thermotolerant bacteria can survive pasteurisation and product processing, they have the ability to cause spoilage in dairy products, resulting in a reduced shelf life. Milk is expected to be $\leq 2,000$ cfu/mL.

Results of $> 2,000$ cfu/mL will be subject to follow-up testing on the next samples collected from the farm, until three consecutive results $\leq 2,000$ cfu/mL are received.

Suppliers who are on follow-up thermotolerant testing that continues from one month into the next, are not eligible for deduction-free collections until they have received three consecutive results $\leq 2,000$ cfu/mL.

2.11 Bulk Milk Cell Count (BMCC)

The bulk milk cell count test, measures the number of white blood cells in milk, which is essentially measuring the level of infection in the udder. These cells are called Somatic cells and can be referred to as Somatic Cell Count (SCC). Mastitis is an infection of the udder, and both Individual Cow Cell Counts (ICCC) and Bulk Milk Cell Counts (BMCC) can be used to monitor the level of mastitis infections in a herd.

Milk with a BMCC over 400,000 cells/mL is deemed unfit for human consumption by many global markets. Suppliers are encouraged to contact their Supplier Relationship Manager if they need assistance to improve their BMCC through the adoption of a mastitis control program.

Supplier's milk is tested for BMCC on every collection. For payment purposes, BMCC averages are rounded to the nearest 1,000 cells/mL.

If BMCC is consistently greater than 400,000 cells/mL, a company representative will liaise with the Supplier to work towards reducing BMCC to an acceptable level as required by regulatory requirements and the Countdown 2020 program.

If a Supplier has a BMCC rolling geometric mean of 400,000 cells/mL for longer than three months and adequate action is not being taken to resolve the issue, Lactalis has the right to cease collection.

If a Supplier has a BMCC consistently above 600,000 cells/mL, Lactalis has the right to provide 30 days notice to cease collection.

2.12 Antibiotics (Inhibitory Substances)

The occurrence of any form of antibiotic above the legal MRLs in our milk supply, when tested using a recognised Australian test method, automatically renders that milk unsuitable for processing.

Milk Vat Antibiotic Contamination

It is the Supplier's responsibility to inform Lactalis of possible or probable antibiotic residues in any milk BEFORE the tanker arrives on farm. They must also identify all suspect vats with signage to eliminate the possibility of accidental collection. If a Supplier suspects that contamination has occurred they can contact their Supplier Relationship Manager who will provide instruction regarding testing and collection. It is the Supplier's responsibility to ensure that milk samples are transported to an appropriate testing facility for DELVO T test.

Any milk that subsequently tests positive for antibiotic residues must be measured and dumped.

Milk Tanker Antibiotic Contamination

All milk tankers are tested by a rapid antibiotic screen test on arrival at the factory. Should a positive result be detected on the tanker, the tanker is segregated while the recognised official DELVO T test is conducted. Each Supplier's vat sample is then checked for the presence of antibiotics and the offending Supplier is notified. It is the offending Supplier's responsibility to have the next collection of milk tested and declared negative by DELVO T test before the next tanker collection can proceed. Suppliers will be advised prior to any changes being made to this procedure.

If antibiotics are present in the milk tanker with NO PRIOR NOTIFICATION of possible or probable residues in milk there will be no payment for the full collection of milk and full costs may be recovered and retained by Lactalis for:

- Additional testing, segregation, extra transport and processing/disposal of the contaminated collection
- Demurrage charge for the cost of the tanker being held up for the duration of the recognised Australian standard broad spectrum antibiotic test e.g. Delvo, which is approximately three hours
- The actual net value of the other Suppliers' milk
- Cartage

Please note: The Supplier can obtain insurance to cover any loss or damage it may cause (including any costs payable to Lactalis in the event of milk contamination). We recommend that you speak to an insurance broker about your options.

Where a Supplier's milk has tested positive for antibiotics through any routine testing procedures (e.g. "rapid test" or Australian standard test), Lactalis reserves the right to conduct an audit of the Supplier's On-Farm Quality Assurance Program (QDairy) to determine the cause of the issue.

Calving Cows

The Supplier should be cautious when introducing large numbers of freshly calved cows back into the herd if they have been treated with dry cow therapy. Some treatments assume a small number of cows are introduced at any one time when setting withholding periods.

2.13 Extraneous Water/Freezing Point

All milk supplied to Lactalis must be free of extraneous (added) water. The average freezing point of cow's milk is approximately -0.525°C and the freezing point of pure water is 0°C . The addition of water to milk increases the freezing point on a linear scale.

The freezing point standard adopted by Lactalis and most processors and Dairy Authorities is -0.517°C maximum. Compliance by Suppliers with this standard is essential but Lactalis will allow latitude up to -0.512°C until otherwise advised.

Quality Standard Provisions – Freezing Point:

LIMIT	VALUE	DEDUCTION
Less than or Equal to:	-0.512	0%
Greater Than	-0.512	The Supplier must show just cause why collection will not be suspended Lactalis reserves the right to deny payment for the volume of water added and audit the operation

Lactalis reserves the right to deny payment for the water added and audit the Suppliers operation.

2.14 Acidity and pH

Acidity is measured as a percentage of lactic acid present in the milk sample.

The pH of milk is 6.7, milk is tested to determine any change in pH which may be acid or alkaline in nature.

Acidity and pH analysis will be conducted at Lactalis' discretion. These test are generally conducted if there is some doubt as to the milk quality (cooling rate during storage), age of milk or potential contamination with chemicals, however they are not limited to these circumstances.

2.15 Sediment

Milk is to be free of sediment and foreign matter.

2.16 Chemical Standards and General Milk Quality Standards

Chemicals used in the operation of the dairy and coming into either direct or indirect contact with milk, e.g. lubricants, cleaning chemicals, rubber-ware and coolants must be classed as "Food Grade" and able to be verified as "Food Grade".

Any chemicals used in the operation of the dairy, e.g. pesticides, lubricants, cleaning chemicals and coolants must be stored and used in a way that ensures the milk is protected from contamination. Chemicals used to clean milking plants must indicate on the label that they are listed for cleaning contact surfaces in a dairy plant. Where a Supplier has contaminated milk from the use of chemicals, Lactalis reserves the right to conduct an audit of the Food Safety Program (QDairy) to determine the cause.

Prohibited Chemicals

Cleaning chemicals which contain Quaternary Ammonium Compounds (QACs) and teat sprays/dips which contain Nonylphenol Ethoxylates (NPEs) as surfactants are prohibited for use.

Iodine

Suppliers may be tested randomly throughout the year and monitored weekly if the result is greater than the standard of 500 µg/L, a Lactalis representative will liaise with the Supplier to work towards reducing iodine to an acceptable level as required by Australian maximum residue limits.

The use of unregistered pre-milking teat disinfectants is strictly prohibited.

Any iodine products must be used strictly in accordance with the manufacturer's instructions.

Pesticide (Chemical) Detection

Any milk collection, which has residues greater than the Maximum Residue Level (>MRL) standards shall be rejected.

If pesticides or other chemical residues above the Australian MRL are detected in a Supplier's milk, collection is suspended until such time that Lactalis is satisfied that the issue has been rectified. Any milk which is rejected on this basis will not be paid for.

If a Supplier suspects that their milk may be contaminated with a pesticide or other chemical contaminant, immediate notification to Lactalis is required. If the Supplier is unable to contact Supplier Services, the carrier must be notified and the milk must be measured for possible credit purposes and then dumped.

Where a Supplier suspects that a contamination has occurred and/or a withholding period has not been met, Lactalis reserves the right to conduct an audit of the Supplier's On-Farm Quality Assurance Program (QDairy) to determine the cause of the issue.

Aflatoxin

Lactalis and the dairy industry conduct monitoring of raw milk for aflatoxins. Aflatoxin is a compound that can be toxic when consumed by mammals. If aflatoxin is consumed by dairy cattle, a small amount of a less toxic form of aflatoxin is secreted into milk resulting in a milk residue.

Feed can be contaminated with aflatoxin as a result of mould growth which may occur pre-harvest or while in storage.

The Agricultural Standards Act 1994 and the Agricultural Standards Regulation 1997 set stock food standards that limit contamination to: 0.20 mg aflatoxin B1/kg in peanut by-products; 0.02 mg aflatoxin B1/kg in grain; 0.05 mg/kg in stock food for beef cattle, horses and sheep, 0.02 mg aflatoxin B1/kg in stock food for dairy cattle; and various levels in stock food for other classes of stock.

In the absence of a quantitative “MRL/ML” for aflatoxin in milk, Lactalis, in consultation with the dairy industry, regards the acceptable level of detection as less than 0.50 ppb aflatoxin M1 in raw milk.

Cases of positive detection, investigation and corrective action shall be dealt with on a one by one basis, however, Lactalis reserves the right to request a Supplier to show cause why cessation of milk collection should not occur.

Australian Milk Residue Analysis Survey

The Australian Milk Residue Analysis (AMRA) Survey is a national independent monitoring program for potential agricultural and veterinary chemical residues and environmental contaminants in Australian bovine milk.

As part of Lactalis’ participation in the AMRA Survey, the collection of farm milk samples is required. Raw milk samples are taken randomly from all dairying regions and submitted to independent testing laboratories for analysis.

When a residue is detected in a sample, Lactalis, the relevant state regulatory authority, and the Department of Agriculture are notified. Follow-up action is required for milk samples identified at or above the set action levels.

For more information on the AMRA Survey:

<https://www.dairyaustralia.com.au/industry/food-safety-and-regulation/regulatory-framework/australian-milk-residue-analysis-survey>

Genetically Modified Organisms (GMOs)

Lactalis’ policy is to avoid the use of genetically engineered or genetically modified (GE/GM) materials whenever possible. For example, the ingredients that Lactalis uses in its products are purchased against documented assurances as to their non-GE/GM status.

In the case of milk, Lactalis’ 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, Lactalis 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, Lactalis accepts that feed containing GE/GM substances may have to be used. When situations return to normal availabilities of feed, Lactalis expects that Suppliers will do all in their power to avoid the purchase of feed containing GE/GM materials.

Enzootic Bovine Leucosis

Dairy Australia monitor EBL Free Status via bulk milk testing of dairy herds and provide a national annual report to demonstrate maintenance of EBL Freedom to international trading partners. Any detections of infection are reported to the relevant state Chief Veterinary Officer to follow up on eradication actions. Milk samples for bulk milk testing must be provided to Lactalis on request.

It is important to be aware that some beef herds in Australia may still have a low level of EBL, so any dairy farmers considering introduction of beef bulls or other beef animals must ensure that they are coming from properties free of the disease.

Suppliers are required to maintain biosecurity controls that prevent the introduction of EBL to their herd by:

- Isolating any introduced beef animals from the dairy herd until they have tested clear of EBL
- Ensuring that no unsterilized implements are used on the dairy herd that have previously been used for procedures on beef cattle such as ear tagging, castration or dehorning

Oestradiol Restrictions

In 2008, the Australian dairy industry introduced a voluntary restriction on the use of oestradiol benzoate in lactating dairy cows. This was due to changes in export market regulations in which some countries banned the importation of dairy products that have been treated with oestrogens, including oestradiol.

It is a condition of supply that Suppliers do not treat lactating animals with oestradiol.

Oestradiol is still permitted to be used for oestrus synchrony programs in non-lactating heifers, however it cannot be used in lactating cattle. Suppliers should discuss alternative options for the treatment of non-cycling cows with their veterinarian.

Recombinant Bovine Somatotropin (rbST)

Bovine Somatotropin (bST), also known as Bovine Growth Hormone (BGH), is a naturally-occurring peptide hormone which is produced in the pituitary gland of the cow. A synthetic version of bST, recombinant bovine somatotropin (rbST), is produced via biotechnological processes and is used in some countries to increase milk production and feed efficiency.

In Australia, as at 1 April 2020, no rbST product is registered for sale or approved for use for any species.

It is a condition of Supply that NO Recombinant Bovine Somatotropin (rbST) is used on farm.

Suppliers can contact their Supplier Relationship Manager if they have any questions about Lactalis's position on rbST.



2.17 Result Notification

Lactalis makes every effort to provide early notification to Suppliers of any high or out-of-the-ordinary results. The Suppliers must ensure that Lactalis is able to contact them by e-mail, mobile phone or answering machine within a 24-hour period.

Daily Quality & Quantity (Q&Q) Statements are e-mailed each afternoon, containing all results currently available for that month to date. Preliminary monthly Q&Q Statements are sent on or about the second day of the following month, final Q&Q Statements are sent on or about the fifth day of the following month.

Results are also available on the Milk Supply website (<https://farmers.parmalat.com.au>), via SMS and on milk tanker dockets. Results are communicated once received by Lactalis from the external laboratory. SMS are sent within the hour of result receipt.

2.18 Payment for Milk Not Collected when Notified of Potential Issues

Where a Supplier suspects a contamination of farm milk may have occurred involving antibiotics, chemical residues, temperature or foreign matter and they notify Lactalis of such an event prior to collection and Lactalis subsequently elects not to collect that milk, then the Supplier is eligible for payment at 100% of base rates only, not including any other seasonal incentives or bonuses, for one incident only per calendar year.

In the event of a suspected contamination, Lactalis will review the farm's Food Safety Program (QDairy). Lactalis reserves the right to conduct an on-farm audit whether the Supplier receives payment or not.

Milk not for collection by a tanker (including colostrum vats/tanks) must clearly be labelled NOT FOR COLLECTION BY TANKER. The Supplier must ensure it is labelled prior to the next milk collection.

Lactalis will not pay for rejected milk or milk collected and subsequently found to be defective. All test results for rejected milk remain the property of Lactalis.

2.19 Charges for Additional Testing (As requested by a Supplier)

If the Supplier requests Lactalis to organise additional testing then Lactalis will directly pass through third party costs to the Supplier by deducting them from the milk payment. We will obtain your confirmation of any third party costs associated with additional tests prior to proceeding with that testing.

2.20 Auditing and Compliance with Other Standards

Milk will only be collected from milking premises that comply with these Quality Provisions and maintain compliance at all times with all relevant state and federal legislation.

QDairy is Lactalis' approved farm food safety program and can be used for compliance with all relevant food safety regulations across Australia. The QDairy manual is available in hard copy from your local Supplier Relationship Manager or www.lactalis.com.au/milk-supply-agreements/

All Suppliers will be audited for compliance on a biennial basis as a MINIMUM. Depending on the result of the audit Lactalis and State Authorities may require audits to be completed on a more frequent basis.

Lactalis covers the cost of one audit every 2 years per farm by a Lactalis approved auditor. The Supplier will be responsible for additional fees associated with any increase in the frequency of audits, return visits to the farm by the auditor to close out non-conformances or non-conformances being closed out by the auditor off-farm.

Audit cancellation fees will also be charged back to suppliers. Audits cancelled within one week of the notified audit date will incur a charge equal to 25% of the audit cost. Audits cancelled within one day of the notified audit date, or a no-show on the day of the audit will incur a charge equal to 50% of the audit cost.

- Audit cost \$400.50
- On-farm non-conformance clearance cost \$302.50 per audit
- Off-farm non-conformance clearance cost \$110 per audit

All Suppliers must ensure all of its employees and any contractors understand the Quality Provisions and the Dairy Food Safety Program (QDairy).

As part of the audit process, auditors may take photos of your records and the premises. The photos will be only used for the purposes of the audit and reporting to us. The photos will be stored securely on both QCONZ and Lactalis' system in accordance with our privacy policies (<http://qconz.com.au/privacy-policy/> and <https://lactalis.com.au/wp-content/uploads/2019/09/LE-001-01-Privacy-Policy.pdf>)

Collection may cease as the result of a critical non-conformance relating to food safety or quality. Under these circumstances the Supplier will need to provide evidence of effective corrective action and the premises and operational systems may need to be reassessed via audit before collection can recommence. The Supplier will be given a period of time (depending on the nature of the non-compliance), to instigate and implement corrective action in order to recommence supply.

Minor non-conformance - Not likely to lead to the production or supply of unacceptable milk.

Major non-conformance - May lead to the production or supply of unacceptable milk.

Critical non-conformance - Presents an imminent and serious risk to the safety of milk.

Upon issue of a critical non-conformance, the Approved Auditor or Lactalis representative may be required to immediately contact the state authorities to advise them of the circumstances warranting the issue of a critical Corrective Action Request (CAR). The State regulator shall close out the critical CAR and advise the Approved Auditor and/or Lactalis representative of the action taken to rectify the non-conformance.

A CAR will be issued by the auditor due to any of the above non-conformances. If the CAR is not closed out by the agreed date, the Approved Auditor will review the reasons for non-closure and, depending on the Approved Auditor's view of the Licensee's non-compliance with the Approved Food Safety Program (QDairy), take one of the following actions:

- Issue a new Close Out Date determined by the Approved Auditor; or
- Determine that the Licensee has failed to satisfactorily implement the systems and requirements described in the Approved Food Safety Program (QDairy), close the current CAR and raise a new CAR at an increased severity level.

Where more than one related minor or major non-conformances are raised which collectively are likely to compromise food safety, the non-conformances may be classified as major or critical.

Where practical, a minor or major CAR may be closed out remotely by sighting sufficient documentary or photographic evidence without attending the premises.

In the case of Queensland Suppliers, the following also applies:

In relation to the approved performance based auditing, Suppliers (Accreditation Holders) will be assessed into one of two categories set out below.

Category allocation/reallocation will be based on quality and audit results for the preceding financial year (year ending 30th June). Allocation will take place when these results are finalised. Suppliers will be notified of their category status and next audit on their monthly Quality and Quantity statements.

New Suppliers and transferring Suppliers will be required to have supplied for a minimum of one full financial year before being allocated to a category. During this period new and transferring Suppliers will receive annual audits and their category status will appear on their monthly Quality and Quantity statements as category 2.

In the event of a dispute over category allocation, Suppliers will default to annual audit (category 2).

Category 1: Two Year Compliance Audits

Suppliers must attain the following quality results and audit rating over the preceding financial year to be eligible for two year compliance audits.

QUALITY RESULTS	
Antibiotic	No recorded antibiotic incidents on tanker (and traced back to Supplier) detected by Rapid Antibiotic Screen Test and Supplier's test confirmed by COPAN/DELVO
Total Plate Count	All monthly averages less than or equal to 50,000 cfu/mL
Bulk Milk Cell Count	Annual average less than or equal to 400,000 cells/mL
Temperature	Less than or equal to 5.0°C - No more than 6 pickups greater than 5.0°C for the year provided they are recorded within approved pickup times

Audit Rating

Critical Nil

Major non-conformances 1 only.

Category 2: Compliance Audits at 12 Month Intervals

All farms not reaching the requirements of category 1 default to this category.

Auditing and Reporting Requirements

Critical, major and minor non-conformances are defined in Section 44, Food Production (Safety) Regulation 2002.

Safe Food Queensland has the right and responsibility to conduct check audits at their discretion, with or without prior notification. If critical or major non-conformances are identified in check audits, follow-up audits will be conducted by Safe Food Queensland and these will be at the Supplier's cost.

In the case of New South Wales Suppliers, the following also applies:

The NSW Food Authority uses a rating system to rank audit performance. Corrective Action Requests (CARs) identified during audits can be rated as Minor, Major or Critical, depending on their severity. Each CAR attracts a numerical value, with a Minor CAR worth 2 points, a Major CAR worth 8 points and a Critical CAR worth 64 points. The total points of all the CARs raised at the audit determines the facility rating and audit frequency as shown in the below table.

FACILITY RATING	CUMULATIVE CAR SCORE	AUDIT RESULT	AUDIT FREQUENCY
A	0 – 15	Pass	2 yearly
B	16 – 31	Pass	12 monthly
C	32 – 47	Marginal	6 monthly
D	48 – 63	Failure	1 month
E	64+	Failure	1 month

The audit result and rating is communicated to each Supplier at the end of the audit and will also be recorded on the audit report. The facility rating determines the audit frequency.

An exchange of information between NSW Food Authority and Lactalis may occur.

easy to digest* **zymil**[®]



serving
suggestion

**You'll love Zymil because
Zymil loves you.**

*As part of a healthy and varied diet, consuming Zymil instead of regular milk helps ease digestion in those who are sensitive to lactose.

Lactalis and Supplier Agreed Responsibilities



3. Lactalis and Supplier Agreed Responsibilities

The Lactalis and Supplier Agreed Responsibilities is a summary of the set of standards and behaviours we expect from everyone involved in our business, including all of Lactalis Australia's directors, employees, contractors and our farmers that supply us milk.

It is important as a Supplier to Lactalis that you understand what we stand for and how we like to conduct our business. This policy has been specifically developed to compliment Lactalis Australia's core values and vision of trust, integrity, ethics and social responsibilities.

Lactalis Australia is committed to being a responsible corporate citizen and we look for suppliers that will adhere to all applicable laws and regulations. We expect all of our suppliers to uphold and respect human rights, fair working conditions, environmental protection and animal welfare principles in all business activities.

3.1 Compliance with Legislation

We expect our suppliers to act within the laws of Australia and to comply with all applicable state and federal legislation, regulations and accepted industry practices including for:

- the production, storage and supply of milk;
- environmental management and stewardship;
- raw milk quality
- animal health, welfare and husbandry;
- work safety and health; and

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

3.2 Work Health and Safety

Health and safety are fundamental to the way Lactalis conducts business. We are guided by the principle that no job is ever so urgent or important not to take the time to do it safely and that all accidents, workplace injuries and workplace illnesses are preventable by implementing food, work, health and safety management practices.

We expect you to follow standards, policies and operating procedures around your dairy farm and continue to be aware of ongoing or new hazards and unsafe practices.

3.3 Social and Ethical Policy

In accordance with the expectations of our customers, trade partners, the public community at large and the requirements of legislative authorities; we endeavour to always operate responsibly within the community and we expect the same from our suppliers. Lactalis fully supports the United Nations Framework and Guiding Principles in Business and Human Rights and as a minimum we expect suppliers to adhere to the following principles:-

- **Bribery and Corruption** Suppliers will not engage in acts of bribery and/or corruption, including falsifying documents and records relating to the business.
- **Discrimination** Suppliers will not engage in discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status and sexual orientation.
- **Harsh or Inhumane Treatment** As an ethical and moral organisation, we prohibit and do not tolerate physical abuse, the threat of physical abuse, sexual harassment, verbal abuse (including swearing) or other forms of intimidation.
- **Employment Law** Suppliers will ensure that to every extent possible, that work performed must be on the basis of recognized employment relationships, established through national laws and practices.

-
- **Modern Slavery and Human Rights** The risk of modern slavery in the Agriculture Industry is considered high by the International Labour Organisation. In accordance with Modern Slavery laws and Human rights legislation the Supplier agrees to comply with all applicable laws, including Modern Slavery Act 2018 (Cth) and Division 270 and 271 of the Criminal Code Act 1995 (Cth)
 - o **Conditions of work** The Supplier agrees to negotiate and document in writing terms of employment or engagement for its workforce. The Supplier agrees to comply with all applicable laws, including minimum wage, hours, overtime, maximum hours and provide mandated benefits in accordance with legislation.
 - o **Forced Labour** The Supplier agrees not to use:-
 - for benefit from human trafficking, slavery or forced or compulsory labour.
 - any threat or form of physical violence or other form of harassment as a method of disciplining or controlling its workforce, including all employees and/or contractors. Child Labour– it is recognised that children may assist in family businesses, including dairy farms. It is important that any work carried out by children does not amount to child labour and in particular 'Hazardous' child labour, which is likely to harm the child's health or safety. For further information refer to:-
<https://www.ilo.org/ipecc/facts/lang--en/index.htm>

3.4 Corporate Image

Maintaining a reputation for consistently high legal, moral, ethical and socially responsible standards, and expectations in our dealings with our customers and other stakeholders is critical for our ongoing success.

The Supplier acknowledges that business reputation is important to Lactalis and that as a supplier to Lactalis its actions can reflect on the reputation of our business and relationships with other suppliers and customers.

It is important that the Supplier does not do anything that could damage Lactalis's credibility, image and reputation. Each party must obtain the other's consent before making any public statement about the other party, its relationship or the agreement.

3.5 Farm Presentation

The appearance of Lactalis Suppliers' farms is very important to Lactalis, the public and our customers. Given our Suppliers' farms are essentially a food manufacturing facility, we ask that the presentation of our Suppliers farms reflects the milk quality and food safety standards we all strive for.

Our Suppliers must maintain the following aspects of their premises to ensure a high standard at all times:

- The farm entrance and tanker turn-around areas must be kept in a clean and tidy manner, with fences maintained, free of rubbish, well gravelled driveways free of potholes and excessive weed build-up.
- The Milkroom and dairy must be clean and tidy and in good repair, with measures in place to manage vermin, birds and insects.
- Calf and cattle handling facilities close to the dairy must be clean
- Effluent must be washed from all dairy surfaces daily and the effluent system must be in working order with no dairy effluent leaving the property.

3.6 Environment

Lactalis is committed to understanding and minimising any adverse environmental impacts of our activities and recognising our key areas of environmental improvement. Suppliers should always be compliant with applicable legislation and be able to demonstrate responsible practices and continuous improvement around environmental management.

3.7 Animal Health

Animals must be managed in a manner which prevents the introduction of hazards to the milk. An unhealthy animal could be defined as one which exhibits any unusual symptoms of disease or suspect behaviour. Single occurrences of animals exhibiting unusual symptoms of disease, suspect behaviour or unexplained deaths may simply be part of normal farm operations. However, if in doubt, it is the Supplier's responsibility to assess the situation and, where relevant, report to the appropriate authorities.

Should Suppliers notice such symptoms, they are required to contact their Supplier Relationship Manager immediately. Any cows showing signs of illness must be immediately removed from the milking herd to ensure that their milk is not mixed in with milk from healthy animals. Suppliers should keep suspect animals isolated and contained on their property.

Lactalis reserves the right to suspend collection of milk in instances where it is deemed necessary, and collection will only be resumed when it has been determined to be safe and suitable to do so.

Payment for any or all of the milk dumped whilst in a period of suspension is at Lactalis' sole discretion.

Lactalis reserves the right to conduct an audit of the farms compliance with the Quality Provisions to determine the cause of any issue and will liaise with the relevant authorities (as appropriate) in such instances.

Some diseases and hazards to check for include:

- Foot and Mouth Disease
- Botulism
- Pesticide poisoning
- Poisonous plants

In the event that a Supplier does not notify Lactalis or delays notifying Lactalis of an incident, and a contaminant is detected in the milk by other means, Lactalis will cease milk collection immediately and reserves its rights under the MSA to terminate.

3.8 Animal Welfare

Lactalis strongly supports the Australian dairy industry position on animal welfare and works closely with Dairy Australia and other relevant industry bodies.

Australian Animal Welfare Standards and Guidelines – Cattle

New Australian Animal Welfare Standards and Guidelines for Cattle have been developed by the Australian and State governments in consultation with Australian Dairy Farmers (ADF), Dairy Australia, other livestock organisations and animal welfare groups.

The standards are legal requirements that must be met by all dairy farmers. Following endorsement, they will need to be implemented through State and Territory regulation, and they will replace the Codes of Practice for Cattle that previously operated at State and Territory level. If farmers do not comply, they will face the risk of legal action and financial penalties.

The standards cover the full range of on-farm management practices for cattle, and their welfare. These include:

- Feed and water
- Handling
- Breeding
- Dairy management
- Risk management
- Castration and dehorning
- Calf rearing systems
- Humane killing / euthanasia

The supplier must ensure they are meeting the standards. For more on this, Dairy Australia have created a guide for dairy farmers: Australian Animal Welfare Standards – a guide for dairy farmers <https://www.dairyaustralia.com.au/farm/animal-management/animal-welfare>

Industry Welfare Priorities and Policies

Recent policy directives from the Australian Dairy Farmers' Animal Health and Welfare Policy Advisory Group include:

- Phase-out calving induction by 2022
- Provision of pain relief for all calves during disbudding, which must occur under the age of 2 months
- No euthanasia of calves by blunt force trauma
- No tail docking

Lactalis supports the industry's approach and, as such, we require compliance from all Suppliers. Farm food safety audits may monitor the adoption of these policies on individual farms.

Australian Animal Welfare Standards and Guidelines – Land Transport of Livestock

The dairy industry has worked with other industry bodies, animal welfare scientists, governments and welfare groups to develop new national standards for the transport of animals. The Australian Animal Welfare Standards and Guidelines – Land Transport of Livestock are complete form part of State legislation. These standards protect the welfare of animals being transported and provide consistent regulation around Australia. The standards cover responsibility for the assembling and preparation of livestock for transport, assessment of fitness for the intended journey, feed and water provisions, and holding periods prior to loading.

For more on this, Animal Health Australia maintain the website below:
<http://www.animalwelfarestandards.net.au/land-transport/>

3.10 Whistleblowing Policy

We encourage you to report any wrongdoing that may cause Lactalis financial or non financial loss or damage to our reputation or harm to others. Our Whistleblowing policy and procedure aims to establish an effective reporting and investigation mechanism and allows those with concerns to raise their concerns confidentially and without fear of reprisal.

All reports will be taken seriously and treated confidentially to the maximum extent possible. More information can be found at the website below:

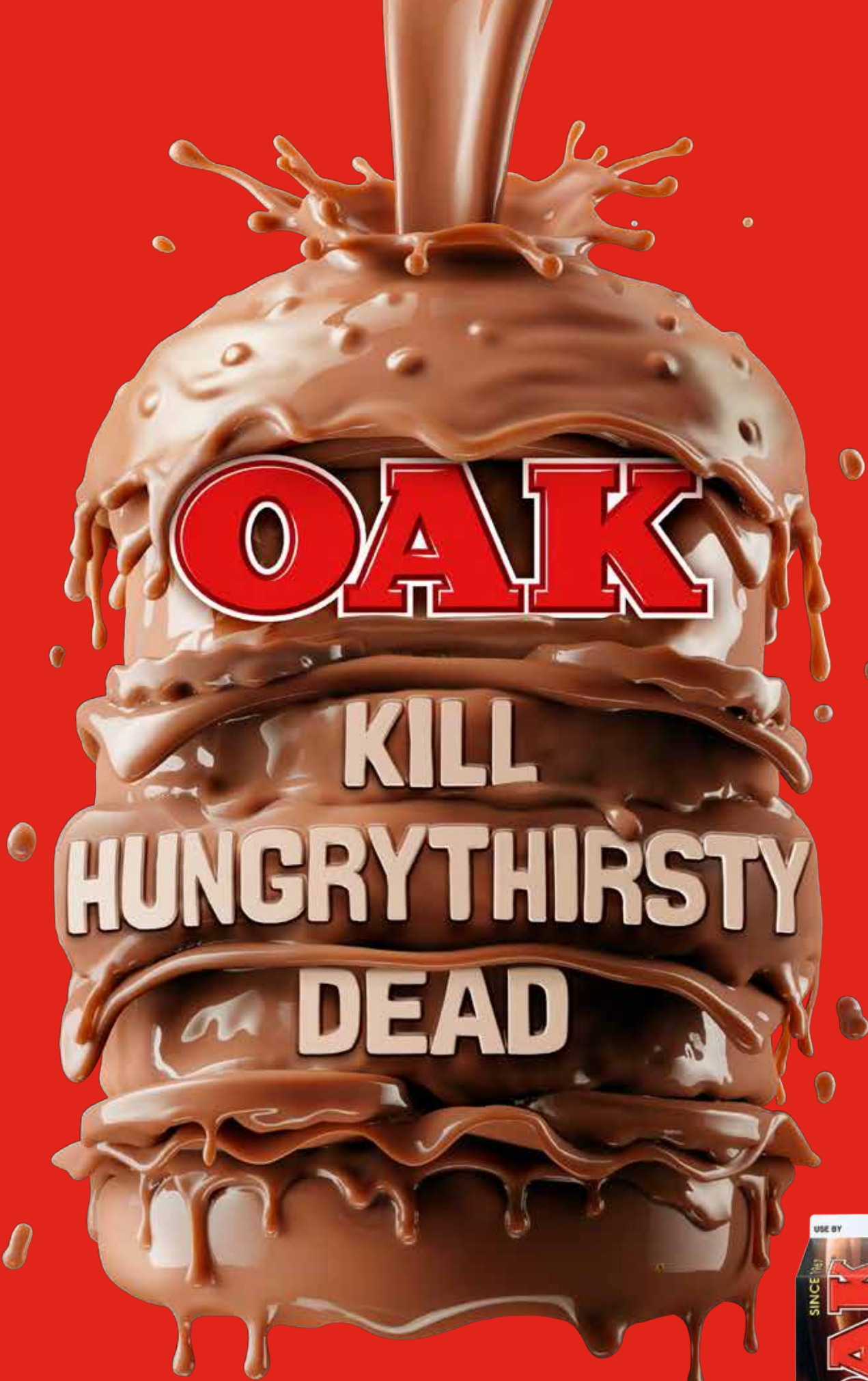
lactalis.com.au/wp-content/uploads/2015/01/LAPL-Whistleblower-Policy-2020.pdf

*Full of
Feelgoodness*

Boost digestion and immunity*

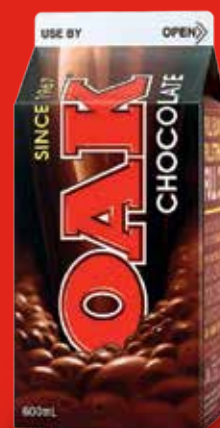


*As part of a varied and healthy diet, LGG® and BB-12® probiotics in Vaalia yogurt at a daily intake of at least 1 billion CFU each can strengthen the immune system and improve bowel function in the general adult population; also with dietary fibre for regularity.



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HUNGRY THIRSTY
DEAD

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Transport



4. Transport

4.1 Farm to Factory Transport and Collection Provisions

Lactalis will continue to be responsible for freight from farm to factory and for any freight costs specifically covered by routine milk collection.

Collection of Part Vats or Silos

At the time of milk collection it is a requirement that collection includes the entire volume of milk in each vat or silo. It is not acceptable for part vats/silos to be collected, leaving a remaining volume in a vat or silo. Exceptions to this rule can only be made with the prior approval of the Supplier Relationship Manager or nominee.

Procedure at Farm

All Suppliers must have clear concise written procedures for the tanker drivers displayed in the dairy. This includes vat wash instructions. All switches need to be clearly labelled.

Milk Collection Records

Queries relating to individual pickup must be communicated in writing to your Lactalis Supplier Relationship Manager as early as possible but within five working days (maximum) following the end of the month of concern. Any query after that will not be considered.

Transport Emergencies

Lactalis and the transport carriers consider direct contact between Suppliers and carriers to be important in day-to-day management of milk collection. If Suppliers have any problems that are tanker related (e.g. extra pickups due to flood or other reasons), they should phone their Supplier Relationship Manager or the carrier as soon as they are aware of the requirement.

Transport Related Quality Issues: Quality related matters must be referred to the Supplier Services team for resolution. These include such issues as hot milk and suspected antibiotics.

Collection Frequency Requirement

Vat Capacity: Consistent with industry, Lactalis prefers all Suppliers to have sufficient vat capacity for milk harvested over a two day period.

Additional Freight Charges

Lactalis remains responsible for the cost of normal milk collection, however in the situations outlined below, additional charges may be applied.

Additional Collections: Should a Supplier require extra collections because of situations such as, but not limited to, vat breakdowns, power failures or insufficient vat capacity, the Supplier should contact their Supplier Relationship Manager as early as possible. On agreement by Lactalis, additional collections may be arranged, a \$40 collection charge will apply.

Transport Related Additional Collections: In cases where a carrier collects milk on a daily basis to address a tanker capacity issue rather than due to insufficient vat capacity on farm, an additional charge will not be applied.

Milk Not Collected

Lactalis will not be responsible for payment of milk not collected due to:

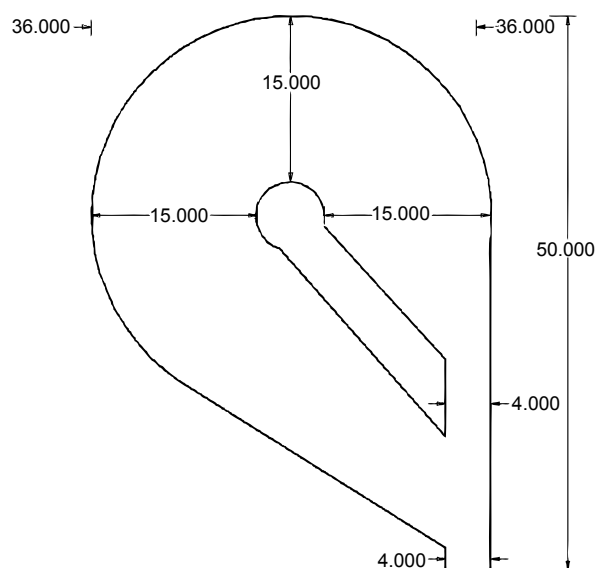
- Adverse weather conditions and subsequent issues such as power failures
- Restricted access to the farm due to safety or notified public health reasons such as animal disease (e.g. botulism, Foot and Mouth Disease, anthrax, etc.)
- Road access issues – specifically, a lack of adequate road access and/or safe road access to the dairy for milk tankers under all weather conditions, such as floods and fires.

Tanker Access

To reduce the instances of possible damage or loss, Lactalis relies on the Supplier to advise the carrier if there are any foreseeable problems that may prevent or reduce tanker access. An access road from the property front entrance to the dairy turnaround area must be free of obstacles (obstacles include all farm equipment, pets, cars, push bikes, or anything which may inhibit the free operation of the milk collection process).

Cattle or any other livestock must also be excluded from the driveway and turnaround. This is not only a safety issue, but also a potential food safety issue, as there are aspects which could see the transfer of disease from one farm to another via trucks if there are animals or their waste on the tanker road. Suppliers are reminded of the necessity for 24-hour all-weather access to the property. This includes ensuring that any bridges on the farm are structurally sound and can bear the load of a milk tanker.

Tanker Entrance and Turnaround Design (B Double Access): For those Suppliers planning to upgrade their tanker access the following diagram provides the recommended specifications for a 25-metre B Double tanker turnaround design. Recommended turnaround design specifications for all tanker configurations are provided in the table below (minimum specifications are provided in brackets). Note that reducing the tanker turning circle below the recommended measurements increases the risk of damage to tankers and tracks.



	FARM ENTRANCE	TANKER TURNAROUND AREA				
	SPLAY (M)	DISTANCE FROM ROAD (M)	LENGTH (M)	WIDTH (M)	TRACK WIDTH ON TURN (M)	TRACK WIDTH ON STRAIGHT (M)
25 m B Double	50 (50)	21 (21)	50 (45)	35 (30)	15 (12)	4 (3.5)
19 m B Double	50 (22)	21 (18)	50 (45)	30 (25)	10 (8)	4 (3.5)
15 m Tri-Axle	50 (18)	21 (16)	50 (45)	25 (22)	10 (8)	4 (3.5)

Dairy Access

Lactalis requires suitable access to Supplier properties to perform tasks around safe milk collection such as:

- To inspect and discuss any workplace safety issues for our carriers and Lactalis staff
- To help rectify milk quality issues

In order to guarantee safety of individuals and property, tankers should not be required to reverse up to or away from vat rooms or dairies.

Suppliers are encouraged to contact their local transport operator for assistance in designing their tanker access.

Removal of On-Farm Obstacles

For carriers to deliver a cost-efficient, timely service to all Suppliers, carriers will be asked to identify on-farm obstacles. Some examples of obstacles include insufficient turning room for tankers, overhanging trees, farm equipment etc.

Suppliers will be approached and given a reasonable amount of time to rectify an issue. Should the issue not be rectified in the agreed time frame, Lactalis reserves the right to suspend collection until the issue is rectified to Lactalis' satisfaction.





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& CREAMY**

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Contacts



Contacts - Victoria & Riverina, South Australia and Tasmania

Supplier Services

IN ANY EMERGENCY SITUATION DURING BUSINESS HOURS:

Please phone your Supplier Relationship Manager

OUTSIDE OF NORMAL BUSINESS HOURS, PLEASE PHONE IN THE FIRST INSTANCE

0448 393 058

Includes instances of vat breakdown, suspect antibiotic contamination etc.

ROLE	NAME	CONTACT DETAILS	LOCATION
Supplier Relationship Manager – Northern Victoria	James Walshe	James.walshe@au.lactalis.com 0436 406 184	Echuca
Supplier Relationship Manager – South/Eastern Victoria	Glenn Geoghegan	Glenn.geoghegan@au.lactalis.com 0409 493 802	Longwarry
Supplier Relationship Manager – Western Vic/SA/ Bendigo/Horsham	Julian Bentley	Julian.bentley@au.lactalis.com 0408 878 896	Scoresby
Supplier Services Manager – Southern Region; Victoria, Tasmania & South Australia	Position vacant at time of printing		Scoresby

Logistics

CARRIER	NAME	CONTACT DETAILS	COLLECTION AREA
Booth Transport	24 hour contact	03 5874 7004	Northern Victoria & Southern Riverina
	Graham Murray	gmurray@boothtransport.com 0466 597 773	Tasmania
	Ashli Booth	aboath@boothtransport.com 0409 389 517	
McColls Transport	Dale Robinson	drobinson@mccolls.com.au 0438 103 385	South Australia
	Chris Smith	csmith@mccolls.com.au 0408 489 315	Western Victoria
SRH	James Daly	james@srhmilk.com.au 0499 555 578	Gippsland
Saputo Transport	24 hour contact	0408 974 158	Mount Gambier

Contacts - Queensland and Northern NSW

Supplier Services

**IN ANY EMERGENCY SITUATION PLEASE PHONE IN THE FIRST INSTANCE (ALL HOURS)
0429 471 837**

Includes instances of vat breakdown, suspect antibiotic contamination etc.

ROLE	NAME	CONTACT DETAILS	LOCATION
Supplier Relationship Manager	Ewin Lewis	Ewin.lewis@au.lactalis.com 0427 140 232	Lidcombe
Supplier Relationship Manager – Information Services	Andrew Taylor	Andrew.taylor@au.lactalis.com 0417 720 578	Brisbane
Supplier Relationship Manager & Ruminant Nutritionist	Jason Weare	Jason.weare@au.lactalis.com 0400 696 163	Brisbane
Supplier Services Manager – Northern & Western Regions	Malcolm Fechney	Malcolm.fechney@au.lactalis.com 0437 553 013	Brisbane

Logistics

CARRIER	NAME	CONTACT DETAILS	COLLECTION AREA
Blu Logistics	Brian Robertson	0417 799 251	Rockhampton
	Rick Waugh	rick@blulogistics.com.au 0475 989 538	Gympie Central
	Wayne Burton	wayne@blulogistics.com.au 0438 105 502	Northern NSW
	Nevil Kirk	nevil@blulogistics.com.au 0438 829 786	Toowoomba
UMPCA	Dave Willis	0412 769 897	Central
Rathdowney	John Carrol	Rathtran2@bigpond.com 0438 571 055	Central

Contacts - Queensland and Northern NSW

Suppliers and factories with Delvo Antibiotic Test kits are listed as follows:

ZONE 1

AREA	PERSON	PHONE	MOBILE
Beaudesert	David Teese	(07) 5543 3221	0407 001 541
	John & Sandra Carroll	(07) 5541 4856 (Phone first)	0438 571 055 (Phone second)
Casino	Ben Gould	(02) 6663 1598	0416 354 061
Gatton	Luke Stock	(07) 5465 8080	0488 796 940
Grevillia	Graham & Vickie Gordon	(02) 6636 4109	0427 947 226
Harrisville	Paul Roderick	(07) 5467 1275	0417 779 525
Macksville	Greg Desmond	(02) 6564 2104	0429 642 104
Old Bonalbo (NSW)	Robert Armstrong	(02) 6665 3126	0427 653 126

ZONE 2

AREA	PERSON	PHONE	MOBILE
Brookstead	Daniel Holmes	(07) 4693 9156	0428 198 613
Oakey	Shane Ciesiolka	(07) 4691 5203	0427 883 660
Warwick	Bill Lester	(07) 4667 3726	0407 735 868 (Andrew)
Warwick	John & Helen Blake	(07) 4661 4735	0407 614 735 (John) 0407 167 194 (Anthony)

ZONE 3

AREA	PERSON	PHONE	MOBILE
Harlin via Toogoolawah	Tony & Peter Gault	(07) 5423 5132 (07) 5423 5101	0429 235 101 (Peter)
Kulpi	Greg & Christine Clewley	(07) 4692 8112	0427 114 265 (Greg) 0427 060 119 (Christine)
Pinelands	Alan & Linda Burgess	(07) 4698 4176 (07) 4698 4129 (Matt)	0408 013 051 (Matt)
Yarraman	Ian Mowat	(07) 4163 8813	0428 444 067
Nanango/Kingaroy	Brad & Kelly Zischke	(07) 4163 3676	0438 632 350
Wondai	Bevan & Sandra Rattey	(07) 4168 9770	0428 689 770

ZONE 4

AREA	PERSON	PHONE	MOBILE
Bells Bridge	Jason Nugent	(07) 5481 6336	0413 748 984
Cedar Pocket	Fred, Linda & John Gear	(07) 5486 6139	0417 777 360 or 0427 097 185
Gympie	Tim Jensen	(07) 5483 6522 (Bus/H)	0409 836 522 or 0408 061 760
Gympie	Andrew Nahrung		0458 783 501
Mt Mee	Bill Gulbransen	(07) 5498 2348	0427 806 738

PCMSCA

AREA	PERSON	PHONE	MOBILE
Biloela	Scott Fitzgerald Bernie Fitzgerald	(07) 4992 1823	0418 154 153
Gin Gin	Pat & Rose Perry	(07) 4157 4217	
Monto	Neal Darlington & Julie Keitley		0427 758927 0499 046202 0421 816512
Mt Larcom	Carmel Pollock		0417 057 283
Rockhampton	John & Chris Keleher	(07) 4928 7947 (John) (07) 4934 3219 (Chris)	0458 343 219 (Chris)
Rosedale	Stan & Chris Birch	(07) 4156 1340	0427 589 899 (Stan) 0427 561 340 (Chris)

Contacts - Central and Southern NSW

Supplier Services

**IN ANY EMERGENCY SITUATION PLEASE PHONE IN THE FIRST INSTANCE (ALL HOURS)
0429 471 837**

Includes instances of vat breakdown, suspect antibiotic contamination etc.

ROLE	NAME	CONTACT DETAILS	LOCATION
Supplier Relationship Manager	Ewin Lewis	Ewin.lewis@au.lactalis.com 0427 140 232	Lidcombe
Supplier Relationship Manager	Josie McIntosh	Josephine.mcintosh@au.lactalis.com 0437 199 021	Lidcombe
Supplier Services Manager – Northern & Western	Malcolm Fechney	Malcolm.fechney@au.lactalis.com 0437 553 013	Brisbane

Logistics

CARRIER	NAME	CONTACT DETAILS	COLLECTION AREA
McColls Transport	Peter Ryan	pryan@mccolls.com.au 0458 044 840	South Coast
McColls Transport	Leading Hand	0428 522 296	South Coast
SRH	Tash Miller	tash@srhmilk.com.au 0403 401 828	Hunter Region
Rod Dennis Transport	Rod Dennis	0429 444 848	Wagga Wagga

Contacts - Western Australia

Supplier Services

ROLE	NAME	CONTACT DETAILS	LOCATION
Supplier Relationship Manager	Carl Dinkelmann	Carl.dinkelmann@au.lactalis.com 0427 140 232	Harvey Fresh WA
Supplier Services Manager – Northern & Western	Malcolm Fechney	Malcolm.fechney@au.lactalis.com 0437 553 013	Brisbane

Logistics

CARRIER	NAME	CONTACT DETAILS	COLLECTION AREA
McColls Transport	Troy Telfer	Ttelfer@mccolls.com.au 0458 141 404	Western Australia







**National Milk Supply
Lactalis Australia Pty Ltd
ABN 56 072 928 879
P.O. Box 3012 South Brisbane QLD 4101**

NationalMilkSupply@au.lactalis.com