SINCE 1895

Norco™

100% AUSTRALIAN FARMER OWNED

NORCO CO-OPERATIVE LIMITED

ON-GOING NON-EXCLUSIVE MILK SUPPLY AGREEMENT

Issued 1 June 2025 to take effect 1 July 2025

100% AUSTRALIAN FARMER OWNED
Norco
SINCE 1895
fresh milk
FULL CREAM MILK PERMEATE FREE
2L

NORCO CO-OPERATIVE LIMITED

ON-GOING NON-EXCLUSIVE MILK SUPPLY AGREEMENT

Issued 1 June 2025 to take effect 1 July 2025

PARTIES			
NORCO:	NORCO CO-OPERATIVE LIMITED (Norco) ARBN 009 717 417		
SUPPLIER:	FARM ENTITY NAME Must match the Entity Name on the ABN Registration		
	ABN		
	FARM ADDRESS		
	POSTAL ADDRESS		
	PHONE	MOBILE	FAX
	EMAIL		

The Supplier agrees to supply milk to Norco, and Norco agrees to purchase milk from the Supplier on the terms of the Milk Supply Agreement set out in this document, comprising the Terms and Conditions, the Schedules and Norco's Suppliers' Information Manual.

SIGNED FOR AND ON BEHALF OF THE **SUPPLIER** BY AN AUTHORISED SIGNATORY IN THE PRESENCE OF:	SIGNATURE	SIGNATURE OF WITNESS
	NAME	NAME OF WITNESS
	POSITION	
	DATE	DATE
SIGNED FOR AND ON BEHALF OF **NORCO CO-OPERATIVE LTD ARBN 009 717 417** BY AN AUTHORISED OFFICER IN THE PRESENCE OF:	SIGNATURE	SIGNATURE OF WITNESS
	NAME	NAME OF WITNESS
	DATE	DATE

NORCO CO-OPERATIVE LIMITED

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ABN 17 009 717 417 **ARBN** 009 717 417

MILK SUPPLY AGREEMENT

OVERVIEW

The Milk Supply Agreement requires the Supplier to:

- Supply the monthly Agreed Volume of milk produced at the Farm to Norco.
- Ensure that the milk supplied, and the Supplier's milk production and supply practices, comply with the quality and other standards set out in the Norco Suppliers' Information Manual as well as the milk quality specifications defined as the Required Specifications.
- Pay the fees for services provided by Norco, as identified in the Milk Supply Agreement.

The monthly Agreed Volumes are set out in Schedule 3 of the Milk Supply Agreement. The Supplier has no obligation to sell or supply Norco milk in excess of the Agreed Volume and can choose to sell that excess milk to another processor or deal with it as it sees fit.

Norco agrees to purchase the monthly Agreed Volume of milk supplied by the Supplier from the Farm that meets the Required Specifications. Milk that does not meet these quality standards is identified as Out of Specification and may be rejected by Norco or treated as second grade milk for which a lower price is paid. If the Supplier offers Norco milk in excess of the Agreed Volume, Norco may purchase that additional volume of milk but is not required to do so.

The price payable by Norco to the Supplier for the Agreed Volume of milk that complies with the Required Specifications comprises the Agreed Volume Price and, if the Supplier satisfies certain requirements, Bonus Payments and Loyalty Payments.

The Agreed Volume Price is announced annually by Norco in its Pay Rate and Fees Notice. Norco can increase the Agreed Volume Price during a year. The Supplier will be given notice of any increase. The Agreed Volume Price at the time a Supplier signs a Milk Supply Agreement is set out in Schedule 2 of the agreement.

The Agreed Volume Price will not be less than the Minimum Agreed Volume Price identified in the Milk Supply Agreement. However, fees payable by the Supplier can be deducted from the Agreed Volume Price.

Bonus Payments are incentives that may be paid to Suppliers for their supply of milk during a year. Bonus Payments only apply to the Agreed Volume of milk. Bonus Payments applicable at the time the Supplier signs a Milk Supply Agreement will be identified in the Agreement. Bonus Payments for subsequent years are announced annually. Bonus Payments may be paid for Milk that exceeds minimum milk solids content, exceeds minimum quality standards or for types of milk such as organic Milk. Norco can increase Bonus Payments during a year. Suppliers will be given notice of any change in Bonus Payments.

Loyalty Payments are payable by Norco if the Supplier continues to supply the Agreed Volume of milk during the Supply Period. The Supply Period under the Milk Supply Agreement will depend on the initial period for which the Supplier elects to supply Norco. A choice of 36 months (three years) or 60 months (five years) is offered and the choice the Supplier makes will comprise the Supply Period. This period will be renewed on an ongoing basis unless the Supplier or Norco gives the necessary period of notice to prevent that renewal and bring the Milk Supply Agreement to an end. Loyalty Payments are only paid on the Agreed Volume of milk. Loyalty Payments applicable at the time the Supplier signs a Milk Supply Agreement will be identified in the Agreement. Norco can increase Loyalty Payments during a year. Suppliers will be given notice of any change in Loyalty Payments.

This is an ongoing Milk Supply Agreement and, as long as the Supplier remains a member of Norco and Norco remains a co-operative, the term of the Milk Supply Agreement can be renewed for successive Supply Periods. The Supplier or Norco can, by giving the other at least 180 days' notice before the end of a Supply Period, elect not to renew the term of the Milk Supply Agreement. The Supplier and Norco have the right to terminate the Milk Supply Agreement if the other commits a material breach of the Milk Supply Agreement and does not remedy the breach (where it is capable of remedy) within 14 days of being given notice of the breach.

If a dispute arises between the Supplier and Norco, the Milk Supply Agreement includes Dispute Resolution Procedures that must be followed, including a complaints handling procedure as well as mediation and arbitration if required.

The Milk Supply Agreement is required to comply with the Dairy Code, which sets out mandatory requirements for agreements under which farmers supply milk to processors.

TERMS AND CONDITIONS

Milk Supply

1. The Supplier agrees to supply the monthly Agreed Volume of milk produced at the Farm to Norco.
2. Norco agrees to purchase the monthly Agreed Volume of milk from the Supplier in accordance with this agreement.
3. This is a non-exclusive milk supply agreement and, during the term of this agreement, the Supplier may sell or deal with any milk in excess of the Agreed Volume in any manner it wishes.
4. Norco may purchase milk from the Supplier in excess of the Agreed Volume but is not obliged to do so.
5. Milk shall be supplied by the Supplier under this agreement, from the Supply Date until the earlier of the date on which this agreement expires or is terminated or the Supplier ceases to be a Member.
6. This agreement, which includes the Schedules and Norco's Suppliers' Information Manual, is entered into on the Commencement Date.
7. If the Supplier is leasing the Farm, the Supplier represents that it has the right under the lease to carry on the business of dairy farming throughout the continuation of this agreement and that the Supplier will comply with the terms of the lease.

Cooling Off

8. The Supplier may terminate this agreement without penalty or any liability to Norco, by giving written notice to Norco within 14 days after the Commencement Date.

Quality and Compliance

9. The Supplier agrees to operate the Farm and supply milk in compliance with all laws and the requirements set out in Norco's Suppliers' Information Manual.
10. Milk supplied to Norco by the Supplier must comply with the Required Specifications. Norco is under no obligation to collect or purchase milk that is Out of Specification and may reject it either prior to collection or at Norco's factory.

Provision of Information to Norco

11. Norco may at reasonable times request information from the Supplier relating to the Supplier's milk production, milk quality, animal welfare, environmental, dairying and farm management practices or anticipated production volumes. The Supplier will provide the requested information to Norco as soon as practicable.

Price Justification

12. Norco has set the Agreed Volume Minimum Price on the following considerations:
    (a) contracts that Norco has with its customers for the supply of milk and other dairy products and the forecast income earned from those contracts;
    (b) the total volume of milk required by Norco in its business and the competition for milk in relevant supply regions;
    (c) expected milk production in relevant supply regions having regard to farm sustainability and seasonable conditions;
    (d) business overheads and anticipated future capital requirements of Norco; and
    (e) as this is an agreement between a co-operative and a member of the co-operative the period during which milk is supplied under this agreement may be ongoing and particulars of the Agreed Volume Price, Bonus Payments and Loyalty Payments applicable for each financial year will be announced by Norco on or before the beginning of that financial year.

Pricing

13. As the period during which milk may be supplied under this agreement is ongoing, Norco will announce the amount payable by it for the Agreed Volume of milk in a financial year, comprising the Agreed Volume Price, the Excess Volume Price, Bonus Payments and Loyalty Payments, prior to the beginning of the financial year in a Pay Rate & Fee Notice. The Agreed Volume Price, Excess Volume Price, Bonus Payments and Loyalty Payments for milk that complies with the Required Specifications as at the Commencement Date are set out in Schedule 2.

14. Norco will pay the Supplier the Agreed Volume Price for the Agreed Volume of milk supplied during the term of this agreement if the milk meets the Required Specification.

15. If Norco agrees to purchase milk in excess of the Agreed Volume and that milk complies with the Required Specification, it will pay the Supplier the Excess Volume Price.

16. The Agreed Volume Price and the Excess Volume Price are exclusive of Fees, Bonus Payments and Loyalty Payments. Bonus Payments and Loyalty Payments are only paid on the Agreed Volume of milk and do not apply to milk purchased in excess of the Agreed Volume.

17. The Agreed Volume Minimum Price applicable to a month during a Supply Period is the lowest price payable by Norco to the Supplier for the Agreed Volume of milk during the relevant month of the Supply Period that complies with the Required Specification disregarding:
    (a) Fees; and
    (b) Any temporary reduction in accordance with the Dairy Code and this agreement.

18. The Excess Volume Minimum Price applicable to a month during the Supply Period is the lowest price payable by Norco to the Supplier for any volume of milk in excess of the Agreed Volume that Norco elects to purchase during the relevant month of the Supply Period that complies with the Required Specification disregarding:
    (a) Fees; and
    (b) Any temporary reduction in accordance with the Dairy Code and this agreement.

19. Milk that does not meet the Required Specification may require Norco to incur additional expenditure during processing. It may also reduce the shelf life of milk and other products produced by Norco, which can result in lower income being received by Norco from its customers. For this reason, non-compliance processing fees will apply for milk supplied which does not meet the Required Specification.

20. Fees (including any non-compliance processing fees) will be deducted from the milk supply payments due to the Supplier under this agreement. This may result in the payment to the Supplier being less than the Agreed Volume Minimum Price, Excess Volume Minimum Price and/or Second Grade Price (as applicable). The Fees applicable to a financial year will be set out in the Pay Rate and Fees Notice. The Fees applicable at the Commencement Date are set out in Schedule 2.

21. If milk is Out of Specification Norco may grade the milk as second grade milk or reject it. The Supplier will be paid the Second Grade Price for second grade milk that is purchased by Norco. The Supplier will not receive payment for rejected milk. If milk is rejected at the factory the Supplier will indemnify and pay Norco (which may be deducted from payments due to the Supplier under this agreement) for the following losses, costs and expenses incurred by Norco as a result of the Supplier's milk being Out of Specification:
    (a) third party milk haulage contractor charges for demurrage, extra cartage and disposal costs; and
    (b) the cost to Norco of the volume of milk from other suppliers which is required to be disposed of due to cross contamination caused by the rejected milk.

22. Norco will not retrospectively reduce the Agreed Volume Minimum Price or the Excess Volume Minimum Price for milk that complies with the Required Specifications. Norco may only prospectively reduce the Agreed Volume Minimum Price or the Excess Volume Minimum Price for milk supplied during the term of this agreement in accordance with the Dairy Code if a temporary extraordinary event occurs outside of Australia which has a highly

significant effect on supply, demand or costs in the dairy industry and which was not caused by Norco. Norco will take all reasonable steps to prevent or limit the effect of the extraordinary event. Once the extraordinary event has ended the Agreed Volume Minimum Price and the Excess Volume Minimum Price payable for milk must be reinstated to what it was prior to being reduced.

23. If after taking reasonable steps to prevent or limit the effect of the extraordinary event, Norco considers that a prospective reduction in the Agreed Volume Minimum Price or the Excess Volume Minimum Price to deal with the extraordinary event is unavoidable, it will no later than 30 days prior to the step down in the Agreed Volume Minimum Price or the Excess Volume Minimum Price provide written notice to the Supplier and the Australian Competition and Consumer Commission of the following:
    (a) the step down;
    (b) the exceptional circumstances;
    (c) the reasonable steps (if any) Norco has taken or will take;
    (d) why the step down is unavoidable; and
    (e) the period in which the step down applies.

24. The Supplier may terminate this agreement within 21 days after receiving notice of the step down with termination to take effect from the day the step down occurs. The Supplier may withdraw the termination at any time before the end of those 21 days. The Minimum Price will not be further reduced as a result of the Supplier withdrawing the termination.

25. Norco will make payments to the Supplier for milk supplied under this agreement to the bank account nominated by the Supplier in writing. Payments will be made in arrears on or before the 15th day of the month following the month of supply. Norco may, in its discretion, set-off or deduct from any payment due to the Supplier under this agreement any amount that the Supplier may owe Norco including Fees.

Loyalty Payments

26. Norco may, at its discretion, pay Loyalty Payments to the Supplier in addition to the Agreed Volume Price. Loyalty Payments are only paid on the Agreed Volume of milk and do not apply to milk purchased in excess of the Agreed Volume. Loyalty Payments as at the Commencement Date are set out in Schedule 2. Norco may increase Loyalty Payments during a financial year by notice to the Supplier.

27. The Supplier will be entitled to Loyalty Payments if it has supplied the Agreed Volume of milk produced on the Farm to Norco throughout the Supply Period and that milk complies with the Required Specifications.

28. Loyalty Payments will be paid by Norco in arrears on or before the 15th day of the month following the month of supply.

29. If this agreement is terminated before the end of a Supply Period, otherwise in circumstances involving a material breach of this agreement by the Supplier, the Supplier is entitled to a portion of the Loyalty Payments, calculated on the basis of the proportion of the relevant Supply Period completed before termination.

30. If this agreement is terminated before the end of a Supply Period on the basis of a material breach of this agreement by the Supplier, the Supplier must immediately repay to Norco all Loyalty Payments received by the Supplier since the beginning of that Supply Period. Norco may set off any amounts owing to it pursuant to this clause against and in reduction of any amounts payable by Norco to the Supplier.

Bonus Payments

31. Norco may pay Bonus Payments to the Supplier.
32. Any Bonus Payments are in addition to the Agreed Volume Price. No Bonus Payments will be paid for any milk supplied in excess of the Agreed Volume.
33. Norco may increase Bonus Payments during a financial year by notice to the Supplier.

Fees

34. Norco will charge Fees for services it delivers to the Supplier or which are incurred on behalf of the Supplier.
35. The services which Norco will provide to the Supplier or incur on the Supplier's behalf as at the Commencement Date are set out in the Norco Suppliers' Information Manual.
36. The rates for Fees for these services at the Commencement Date are set out in Schedule 2 of this agreement. The Fees for subsequent financial years will be set out in the Pay Rates and Fees Notice applicable to the financial year.
37. The rates for Fees for services provided by Norco are set at a rate which reflects the cost to Norco to provide the relevant service. This includes third party expenses, consumables and Norco labour costs.
38. The Supplier is liable to pay mandatory fees imposed by Dairy Australia, State Regulatory Authorities and animal welfare levies, along with various other fees or levies imposed by law (Industry Fees). These Industry Fees vary annually.
39. The Supplier authorises and directs Norco to deduct Fees from payments due to the Supplier under this agreement. Norco is also authorised to deduct Industry Fees and remit payment on behalf of the Supplier to the relevant body as soon as reasonably practicable after Norco has been notified of these fees.

Unilateral Variation

40. Norco may unilaterally vary the agreement to the extent necessary to comply with any changes in law without reducing the Agreed Volume Minimum Price. The variation must be set out in a written notice from Norco to the Supplier and otherwise comply with the Dairy Code.
41. As soon as practicable after Norco unilaterally varies the agreement, it must give the Supplier a copy of the variation together with a written notice specifying the reason for the variation and the date that the variation takes effect.
42. The Supplier may not unilaterally vary this agreement.
43. No other variation to this agreement is effective unless it complies with the Dairy Code and is agreed to in writing by Norco and the Supplier.

Title

44. Title to, and the risk in, the milk supplied under this agreement passes from the Supplier to Norco when the tanker or other transport device in which the milk is collected leaves the Farm and enters onto a public road.

Indemnity

45. Subject to the provisions of this agreement relating to Unmanageable Circumstances, each party indemnifies the other against all losses, costs, expenses and payments (including in respect of personal injury or death) that the other party may incur or be exposed to as a result of claims or proceedings (including those brought by people who are not parties to this agreement) made or brought against the other party which arise from or are contributed to by that party's negligence or breach of this agreement. The liability of a party under this indemnity is limited to a maximum of $5,000,000 for each claim or proceeding (as the case may be).

Term

46. This agreement shall commence on the Commencement Date and shall, subject to any other provisions of this agreement relating to the termination or extension of this agreement, continue until the later of:
    (a) the end of the initial Supply Period Term; or
    (b) if the agreement has been extended under clause 49, the end of the most recently Renewed Period.

47. The supply of milk during the ongoing term of this agreement is only permitted by the Dairy Code while Norco is a co-operative and the Supplier is a Member. Subject to clause 48, this agreement will automatically terminate if the Supplier ceases to be a Member or Norco ceases to be a co-operative.

48. If the Supplier has supplied milk under this agreement for a continuous period that is longer than 3 years and the agreement is due to end, the Supplier may provide a written notice to Norco postponing the end of this agreement by a period of 12 months. A notice under this clause must be given no earlier than 30 days before the date that the agreement is due to end and no later than 7 days before the date that the agreement is due to end. The Supplier may only postpone the end of the agreement under this clause once.

Supply Period

49. The following provisions apply to the way the term of this agreement is extended, the identification of each Supply Period during that ongoing term and the manner in which Norco or the Supplier can elect not to extend the agreement.

    (a) The initial Supply Period will be the period from the Supply Date until the end of the initial Supply Period Term. If this agreement is extended in accordance with paragraph (b) of this clause (each extended period being referred to as a Renewed Period), each Renewed Period will constitute a further Supply Period.

    (b) At the end of the initial Supply Period, and each Renewed Period, the term of this agreement will be automatically extended for a further period equal to the Supply Period Term unless either party provides notice in writing to the other at least 180 days before the end of the Supply Period or the Renewed Period that it does not want to extend this agreement for a further Supply Period Term.

    (c) Subject to any express provisions of this agreement relating to termination, there is no limit on how many times the agreement may be extended in accordance with this clause or the number of successive Supply Periods.

    (d) Successive Supply Periods will continue to be automatically established for each Renewed Period until such time as a notice in accordance with clause 49(b) is given by either the Supplier or Norco that they do not want to extend this agreement, or the agreement otherwise expires or terminates.

    (e) Norco must provide a written notice to the Supplier 210 days before the end of each Supply Period specifying:
        (i) the date on which the current Supply Period is scheduled to end;
        (ii) that the milk supply agreement will be automatically extended and a new Supply Period will be automatically established for a further Supply Period Term unless either party gives notice to the other at least 180 days prior to the end of the current Supply Period that it does not want to extend this agreement;
        (iii) the date on which the renewed Supply Period will end; and
        (iv) the calendar date (which will be 180 days prior to the end of the current Supply Period) by which the Supplier or Norco must notify the other party that they do not wish to extend the agreement for a further Supply Period Term.

EXAMPLE 1

Farmer Brown and Norco enter into a non-exclusive milk supply agreement with a Supply Period Term of 60 months and the initial Supply Period ends on 30 June 2027.

On 2 December 2026 (210 days prior to the end of the Supply Period), Norco sends Farmer Brown a notice advising:

(a) the Supply Period is due to end on 30 June 2027;
(b) the milk supply agreement will be automatically extended, and a new Supply Period will be established for a further 60 months from the end of the initial Supply Period;
(c) the new Supply Period will end on 30 June 2032; and
(d) if Farmer Brown or Norco do not want to extend the agreement for a further Supply Period Term, they must give a notice to the other party by 31 December 2026.

Neither Farmer Brown nor Norco give notice to the other that they do not wish to extend the agreement for a further Supply Period Term. The agreement is extended for a further Supply Period Term and the new Supply Period will commence on 1 July 2027 and expire on 30 June 2032.

The process is repeated on 2 December 2032. There is no limit on how many times the Supply Period may be renewed.

EXAMPLE 2

Farmer Brown and Norco enter into a non-exclusive milk supply agreement with a Supply Period Term of 60 months and the initial Supply Period ending on 30 June 2027.

On 2 December 2026 (210 days prior to the end of the Supply Period), Norco sends Farmer Brown a notice advising:

(a) the Supply Period is due to end on 30 June 2027;
(b) the milk supply agreement will be automatically extended, and a new Supply Period will be established for a further 60 months from the end of the initial Supply Period;
(c) the new Supply Period will end on 30 June 2032; and
(d) if Farmer Brown or Norco do not want to extend the agreement for a further Supply Period, they must give a notice to the other party by 31 December 2026.

Farmer Brown gives notice to Norco on 18 December 2026 that Farmer Brown does not wish to extend the milk supply agreement for a further Supply Period. The agreement is not extended and the Supply Period Term will end on 30 June 2027.

Termination by Norco

50. Norco may terminate this agreement by written notice to the Supplier:
    (a) if the Supplier commits a material breach of this agreement that cannot be remedied; or
    (b) if the Supplier commits a material breach of this agreement that is capable of being remedied but the breach has not been remedied within 14 days of notice being given by Norco to the Supplier specifying the breach.

51. Without limitation, the Supplier may commit a material breach of this agreement if the Supplier:
    (a) does not supply the Agreed Volume of milk to Norco in any three months during the Supply Period:
    (b) breaches any law relating to the production of milk on the Farm or the supply of milk to Norco which adversely affects Norco's interests;
    (c) becomes bankrupt or insolvent or goes into administration, liquidation or receivership; or
    (d) commits three or more breaches of the Norco Suppliers' Information Manual within a period of nine months or less, which adversely affect Norco's interests.

Termination by Supplier

52. The Supplier many terminate this agreement by written notice to Norco:
    (a) if Norco commits a material breach of this agreement that cannot be remedied; or
    (b) if Norco commits a material breach of this agreement that is capable of being remedied but the breach has not been remedied within 14 days of notice being given by the Supplier to Norco specifying the breach.

53. Without limitation, Norco may commit a material breach of this agreement if Norco goes into administration, liquidation or receivership or becomes insolvent.

54. The Supplier may terminate this agreement in accordance with this clause if the Supplier permanently ceases milk production on the Farm. At least 60 days prior to ceasing the production of milk at the Farm the Supplier must give Norco written notice that it will cease and evidence to the reasonable satisfaction of Norco of such cessation of production. If the Supplier gives notice to Norco under this clause, termination of the agreement will take effect from the date on which the Supplier ceases production of milk at the Farm. For the avoidance of doubt, the circumstances in which the Supplier permanently ceases milk production on the Farm may include the Supplier's retirement from dairy farming or the termination of the Supplier's farming business on the Farm.

55. If this agreement is terminated, Norco will be required to pay for any milk supplied up to the date of termination in accordance with this agreement.

Termination Generally

56. Termination of this agreement will not prejudice any rights or remedies available or accrued to any party in respect of any prior breach of this agreement.

57. If Norco or the Supplier unilaterally terminates this agreement, it shall, as soon as practical after it terminates the agreement, give the other written notice of the reason for the termination together with the day termination takes effect.

Unmanageable Circumstances

58. Neither Party will be in breach of this agreement or liable to the other Party if it is unable to comply or is delayed in complying with its obligations under this agreement due to Unmanageable Circumstances during the Moratorium Period.

59. The Party who is unable to comply or who is delayed in complying shall immediately inform the other Party of the Unmanageable Circumstances preventing compliance. Both Parties shall take all reasonable actions to overcome the Unmanageable Circumstances and minimise the consequences arising.

60. If at the end of the Moratorium Period a party is still prevented from complying with its obligations under this agreement due to Unmanageable Circumstances it shall be in breach of this agreement and the other party may immediately terminate this agreement but shall not be entitled to damages.

Supplier Acknowledgements

61. The Supplier acknowledges that business reputation is important to Norco and that as a supplier to Norco, its actions can reflect on the reputation of Norco. The Supplier shall not do anything that could bring Norco into disrepute.

62. The Supplier agrees to keep confidential any information provided to it by Norco in connection with this agreement, other than information that is available in the public domain.

63. The Supplier acknowledges that it must comply with the requirements set out in the Norco Suppliers' Information Manual.

64. The Supplier acknowledges the Norco Suppliers' Information Manual forms part of this agreement, and that a breach of the Norco Suppliers' Information Manual will constitute a breach of this agreement.

65. The Supplier agrees to supply the Agreed Volume applicable to a month in consistent, pro rata volumes of milk throughout the month. For the purposes of monitoring this obligation, Norco may calculate the pro rata volume of milk (pro rata volume) that the Supplier must deliver in a period of 7 consecutive days (7 day period) during the month in order to deliver the Agreed Volume in accordance with this clause.

66. If the Supplier authorises Norco to incur charges by third parties on behalf of the Supplier, Norco is authorised to deduct these charges from payments due to the Supplier by Norco.

Mediation and Dispute Resolution

67. In the event that a dispute arises regarding the obligations or rights of Norco or the Supplier under this agreement, the dispute will be dealt with in accordance with the Dispute Resolution Procedures.

68. Norco and the Supplier must observe any confidentiality requirements relating to information disclosed or obtained in dealing with or resolving the complaint or dispute.

General

69. This agreement, including the Schedules and the Norco's Suppliers' Information Manual, sets out the entire agreement between the parties in relation to its subject matter and replaces any other milk supply agreement between Norco and the Supplier.

70. Norco may novate, assign or subcontract its rights and obligations under this agreement to a third party.

71. The Supplier may not novate, assign or subcontract its rights or obligations under this agreement without the prior written consent of Norco, such consent not to be unreasonably withheld.

72. Failure or omission by a party to require strict or timely compliance with any provision of this agreement shall not affect any right of that party to remedies it may have in respect of any breach of a provision.

73. If any part or whole of one or more of the provisions of this agreement are non-compliant with the Dairy Code or for any other reason is or becomes illegal, void or unenforceable, that provision will be severed and the validity, existence, legality and enforceability of the remaining provisions of this agreement will not be affected, prejudiced or impaired.

74. Notices given under this agreement may be delivered by personal service, sent by pre-paid mail or transmitted by email to the recipient's address set out in this agreement or otherwise notified in writing by a party to the other. A Notice given to a person in accordance with this clause is treated as having been given and received:
    (a) if delivered in person, on the day of delivery if delivered before 5 pm on a business day, otherwise on the next business day;
    (b) if sent by pre-paid mail within Australia, on the fifth business day after posting; or
    (c) if transmitted by email before 5 pm on a business day, on the day of transmission (otherwise, if sent after 5 pm, on the next business day), provided that the sender does not receive an automated notice generated by the recipient's email server notifying that transmission was not successful.

75. In this agreement, headings are inserted for convenience only and do not affect interpretation.

76. In this agreement, examples are intended to provide guidance on how certain provisions are intended to operate and do not form part of the text of this agreement or amend any other provisions of the agreement.

77. Unless the context otherwise requires:
    (a) references to a person include a reference to a company, trustee, government body or any other entity or organisation;
    (b) words importing the singular include the plural and vice versa;
    (c) words suggesting a gender include other genders;
    (d) words defined in the Corporations Act 2001 have the same meaning under this agreement; and
    (e) the currency for any payments will be Australian currency.

78. This agreement is to be governed by and construed in accordance with the laws of New South Wales and the parties submit to the exclusive jurisdiction of the Courts of that State.

79. The Supplier represents and promises Norco that the Supplier has read and understood the milk supply agreement and Schedules and that Norco is entering into this agreement in reliance on that representation and warranty.

80. The Supplier acknowledges that it has been advised to take relevant independent legal advice regarding this agreement, and that it has had the opportunity to obtain this advice before signing this agreement.

Definitions

81. In this agreement the words and terms in the following table have the meaning set out opposite them in the table.

Agreed Volume	Each of the Agreed Volume Prices for the Agreed Volume of milk delivered in a month during the term of this agreement that complies with the Required Specifications.
Agreed Volume Price	Each of the Agreed Volume Prices for the Agreed Volume of milk delivered in a month during the term of this agreement that complies with the Required Specifications.
Agreed Volume Minimum Price	The rate of fifty cents per litre.
Commencement Date	The date on which this agreement is signed by both parties and, if the parties sign on different dates, the latter of those dates.
Bonus Payments	Discretionary incentives that may be paid for exceeding the Required Specifications, seasonal bonuses, regional bonuses, special assistance payments and other payments that be made from time to time at the discretion of Norco and which are in addition to the Agreed Volume Price.
Dairy Code	The dairy industry code set out in Part 2 of the Competition and Consumer (Industry Codes – Dairy) Regulations 2019.
Dispute Resolution Procedure	The procedures set out in Schedule 1 to this agreement.
Dispute Resolution Procedure	The procedures set out in Schedule 1 to this agreement.
Excess Volume Minimum Price	The rate of forty cents per litre.
Farm	The farm identified by the Supplier in this agreement on which the milk supplied under this agreement is produced.
Fees	Industry Fees, charges for service supplied to the Supplier by Norco or which Norco incurs on behalf of the Supplier in accordance with the terms of this agreement, charges for products that the Supplier purchases from Norco and charges associated with supplying milk that does not meet the Required Specifications such as non-compliance processing fees.
Financial year	A financial year of Norco, being the period from 1 July in a year to 30 June in the following year.
Loyalty Payment	An incentive payment per litre to the Supplier because the Supplier has continuously supplied the Agreed Volume of milk to Norco throughout a Supply Period.

Member	A member of Norco.
Moratorium Period	A period of up to 90 days in which a party is unable to comply with its obligations under this agreement due to Unmanageable Circumstances and during which the other party may not terminate this agreement.
Norco Suppliers' Information Manual	The information manual contained in Attachment 1 to this agreement.
Out of Specification	Milk that does not meet the Required Specifications.
Pay Rate & Fee Notice	A written notice published by Norco from time to time setting out the price payable for milk that complies with the Required Specifications, comprising: (a) the Agreed Volume Price; (b) the Excess Volume Price; (c) Loyalty Payments; and (d) Bonus Payments together with the rates of all Fees that may apply.
Required Specifications	The milk quality standards identified in section 6 of Norco's Suppliers' Information Manual.
Second Grade Price	(a) for milk comprising the Agreed Volume, a price which is fifty percent of the Agreed Volume Price; or (b) for milk in excess of the Agreed Volume, a price which is fifty percent of the Excess Volume Price.
Supplier	The person, partnership or corporate entity named in this agreement as the Supplier.
Supply Date	1 July 2025, or it the Supplier starts supplying Norco after that date, the date on which Norco first picks-up milk from the Supplier under this agreement.
Supply Period	Each successive period during which the Supplier must supply the Agreed Volume of milk to Norco under this agreement in order to qualify for Loyalty Payments.
Supply Period Term	The period of months comprising the Supply Period Term, as selected by the Supplier at the Commencement Date, to establish the period for which this agreement will be automatically extended under clause 49. The initial Supply Period Term will be the period from the Supply Date until: .....
Unmanageable Circumstances	Events that are outside those that a farmer or processor could normally be expected to manage under responsible business management strategies.

SCHEDULE 1

DISPUTE RESOLUTION PROCEDURE

SCHEDULE
1

DISPUTE RESOLUTION PROCEDURE

The procedures set out in this schedule apply if a party to this agreement (the complainant) wishes to raise a complaint in relation to a matter arising under or in connection with the agreement. No party may seek to commence action in a Court or Tribunal without first having completed the procedures set out in this schedule. If a party commences action in a court or tribunal without first complying with the procedures set out in this schedule the other party may plead the provision of this agreement as a bar to litigation.

Internal Complaint Handling Procedure

1. The complainant must first notify the other party to the agreement (the respondent), in writing, of the following:
   (a) the nature of the complaint;
   (b) that the complainant wishes the complaint to be dealt with in accordance with the complaint handling procedure provided in the milk supply agreement; and
   (c) the outcome the complainant wants.
2. Complaints to Norco must be forwarded to a member of Norco's Milk Supply team and must be addressed to the "The Complaint Handling Officer", who will manage the complaint in accordance with the complaint handling procedure.
3. Within 5 working days after receiving notice of the complaint under section 2, the respondent must give a written acknowledgement to the complainant stating:
   (a) that notice of the complaint has been received; and
   (b) the steps to be taken to deal with the complaint.
4. If the complainant is not satisfied with the response from the respondent and wishes to maintain the dispute the complainant must serve notice on the respondent requesting a meeting to discuss the complaint.
5. A meeting must be held within 30 days of the complainant serving notice requesting a meeting.
6. Either party may require that the meeting be conducted by telephone or video conferencing.
7. If the complaint is not resolved within 60 days after the acknowledgement was given to the complainant under section 3:
   (a) either party may take action to have the complaint resolved by mediation; or
   (b) the parties to the agreement may agree that the complaint is to be resolved by arbitration.
8. The complainant may, at any time, withdraw the complaint by notice in writing to the respondent.

Mediation

1. The procedure set out below applies if a party to this agreement wishes to have a dispute resolved by mediation if it has not been resolved in accordance with the internal complaint handling procedure.
2. The parties must request the mediation adviser appointed pursuant to the Dairy Industry Code of Conduct to appoint a mediator for the dispute.
3. The appointed mediator will determine:
   (a) how the mediation is to be conducted (for example, by telephone or in meetings);
   (b) the time and place within Australia for the mediation; and
   (c) the day the mediation commences for the purposes of the Dairy Industry Code of Conduct.
4. Each party to the dispute must attend the mediation and attempt to resolve the dispute.
5. For the purposes of section 4, a party is taken to attend a mediation to attempt to resolve a dispute if the party is represented at the mediation by a person who has authority to enter into an agreement to settle the dispute on behalf of the party.
6. If an agreement is reached in relation to the dispute, the mediator must, within 14 days after the agreement is reached:
   (a) set out, in writing, the terms of the agreement;
   (b) give a copy of the terms to each party to the dispute; and
   (c) notify the mediation adviser that an agreement has been reached.
7. The party who requested the mediation may, at any time, withdraw the complaint that is the subject of the dispute by notice in writing to the other party to the dispute and the mediator.
8. The mediator conducting the mediation:

(a) may terminate the mediation at any time if the mediator is satisfied that a resolution of the dispute is not likely to occur; and
(b) must terminate the mediation if the party who requested the mediation requests the mediator to do so.

9. If a dispute is not resolved within 30 days after the mediation commenced:
(a) the respondent to the mediation may ask the mediator to terminate the mediation; and
(b) the mediator must do so.

10. If the mediator terminates a mediation under section 7 or 8, the mediator must issue a certificate stating:
- the names of the parties to the mediation;
- the nature of the dispute that was the subject of the mediation;
- that the mediation has been terminated; and
- that the dispute has not been resolved.

11. The mediator must give a copy of the certificate to:
(a) the mediation adviser; and
(b) each party to the dispute.

12. Each party to a dispute that was subject to the mediation must pay half the costs (if any) of the mediation (being all reasonable costs associated with the conduct of the mediation), unless the parties to the mediation agree otherwise.

13. Each party to a dispute that was subject to a mediation must pay that party's costs of attending the mediation, unless the parties agree otherwise.

Arbitration

1. The procedure set out below applies if a party to this agreement wishes to have a dispute resolved by arbitration if it has not been resolved by mediation.

2. The parties must request the arbitration adviser appointed pursuant to the Dairy Industry Code of Conduct to appoint an arbitrator for the dispute.

3. The arbitrator must decide:
(a) how the arbitration is to be conducted (for example, by telephone or in meetings); and
(b) the time and place within Australia for the arbitration; and
(c) the day the arbitration commences for the purposes of the Dairy Industry Code of Conduct.

4. Each party to the dispute must attend the arbitration.

5. For the purposes of section 4, a party is taken to attend an arbitration if the party is represented at the arbitration by a person who has the authority to enter into an agreement to settle the dispute on behalf of the party.

6. If the dispute is resolved, the arbitrator must, within 14 days after the dispute is resolved:
(a) set out, in writing, the terms of the resolution;
(b) give a copy of the terms to each party to the dispute; and
(c) notify the arbitration adviser that the dispute has been resolved.

7. The arbitrator must terminate the arbitration if the complainant requests the arbitrator to do so.

8. If arbitration is terminated at the request of the complainant the complaint is not resolved but it is deemed to have been withdrawn and the complainant may not seek to raise a further complaint or dispute with respect to the matters that were subject to the dispute.

9. If the arbitrator terminates an arbitration under section 7 the arbitrator must issue a certificate stating:
(a) the names of the parties to the arbitration;
(b) the nature of the dispute that was the subject of the arbitration;
(c) that the arbitration has been terminated; and
(d) that the dispute has not been resolved.

10. The arbitrator must give a copy of the certificate to:
(a) the arbitration adviser; and
(b) each party to the dispute.

11. Each party to the arbitration must pay half the costs (if any) of the arbitration (being all reasonable costs associated with the conduct of the arbitration), unless the parties to the arbitration agree otherwise.

12. Each party to the arbitration must pay that party's costs of attending the arbitration, unless the parties agree otherwise.

SCHEDULE 2

PAY RATES & FEE RATES

PAY RATES AND FEE RATES AS AT THE COMMENCEMENT DATE

SCHEDULE 2

ON-GOING NON-EXCLUSIVE MILK SUPPLY AGREEMENTS

Milk Payment contains the following elements. All payments and fees are exclusive of GST.

1. ***Agreed Volume Price***
2. ***Excess Volume Price***
3. ***Bonus Payments*** applicable to the Agreed Volume only comprising the following items:
   a. Quality Bonus
   b. Milk Type Bonus
   c. Milk Solids Bonus
   d. Seasonal Bonus
4. ***Loyalty Payment*** applicable to the Agreed Volume only
5. ***Fees***

1. Agreed Volume Price

The Agreed Volume Price comprises of cents per litre for the volume of milk supplied in the month, and $ per kg of milk fat and $ per kg of milk protein supplied within a month.

AGREED VOLUME PRICE – CENTS PER LITRE												
SUPPLIER GROUP	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Northern Region	18.5	18.5	18.5	18.5	18.5	18.5	24.5	26.5	26.5	26.5	26.5	24.5
a2 and Organic	18.5	18.5	18.5	18.5	18.5	18.5	24.5	26.5	26.5	26.5	26.5	24.5
Southern Region*	16.5	16.5	15.5	15.5	15.5	16.0	22.5	24.5	24.5	24.5	24.5	22.5

*Southern Region is defined as supplying milk south of Telegraph Point Bridge, Pacific Highway, NSW exclusive of Wilson River Catchment west of bridge.

AGREED VOLUME PRICE – $ PER KILOGRAM												
COMPONENT	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Milk Fat	4.90	4.90	4.90	4.90	4.90	4.90	5.20	5.20	5.20	5.20	5.20	5.20
Milk Protein	6.86	6.86	6.86	6.86	6.86	6.86	7.28	7.28	7.28	7.28	7.28	7.28

2. Excess Volume Price

The Excess Volume Price comprises of cents per litre for the volume of milk supplied in the month, and $ per kg of milk fat and $ per kg of milk protein supplied within a month.

EXCESS VOLUME PRICE – CENTS PER LITRE												
SUPPLIER GROUP	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Northern Region	13.5	13.5	8.5	8.5	8.5	13.5	24.5	26.5	26.5	26.5	26.5	24.5
a2 and Organic	13.5	13.5	8.5	8.5	8.5	13.5	24.5	26.5	26.5	26.5	26.5	24.5
Southern Region*	11.5	11.5	5.5	5.5	5.5	11.0	22.5	24.5	24.5	24.5	24.5	22.5

*Southern Region is defined as supplying milk south of Telegraph Point Bridge, Pacific Highway, NSW exclusive of Wilson River Catchment west of bridge.

EXCESS VOLUME PRICE – $ PER KILOGRAM												
COMPONENT	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Milk Fat	4.90	4.90	4.90	4.90	4.90	4.90	5.20	5.20	5.20	5.20	5.20	5.20
Milk Protein	6.86	6.86	6.86	6.86	6.86	6.86	7.28	7.28	7.28	7.28	7.28	7.28

3. Bonus Payments

The following is a summary of the Bonus Payments:

a. Quality Bonus

BULK MILK CELL COUNT (BMCC) CELLS/ML MONTHLY AVERAGE (IN THOUSANDS)	STANDARD PLATE COUNT (SPC) CFU/ML (IN THOUSANDS) – CENTS PER LITRE		
	≤19	>19 TO ≤29	>29 TO ≤40
≤200	+2.5		
>200 to ≤250	+1.0		
>250 to ≤300			
>300 to ≤350			
>350 to 400			

These Bonuses will apply where the monthly average SPC and BMCC result is within specification.

b. Milk Type Bonus

To receive a Milk Type Bonus, the milk must be certified as to its a2 or organic status, and supply of the type must be approved by the Board. Only one bonus is applicable for any milk type supplied.

MILK TYPE BONUS – CENTS PER LITRE												
MILK TYPE	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
a2	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Organic	32.0	30.0	29.0	25.0	25.0	24.0	24.0	28.0	28.0	30.0	30.0	32.0

c. Milk Solids Bonus

The following Milk Solids Bonus will be paid on the total kilograms of fat plus protein supplied during each month:

MONTHLY FAT + PROTEIN RANGE (KG)	BONUS CENTS PER KG FAT + PROTEIN	MONTHLY FAT + PROTEIN RANGE (KG)	BONUS CENTS PER KG FAT + PROTEIN
0 to 899	50.7	9,700 to 10,399	195.0
900 to 1,799	62.0	10,400 to 11,099	200.0
1,800 to 2,499	73.4	11,100 to 11,799	204.5
2,500 to 3,199	85.0	11,800 to 12,499	205.0
3,200 to 3,899	135.0	12,500 to 13,199	205.0
3,900 to 4,599	146.5	13,200 to 13,899	205.0
4,600 to 5,399	149.0	13,900 to 14,699	205.0
5,400 to 6,099	149.0	14,700 to 15,399	205.0
6,100 to 6,799	149.0	15,400 to 16,099	205.0
6,800 to 7,499	156.5	16,100 to 16,799	205.0
7,500 to 8,199	165.0	16,800 to 17,499	210.0
8,200 to 8,899	166.5	17,500 and above	210.0
8,900 to 9,699	187.0		

For Organic milk, these Milk Solids Bonus rates will be paid at 2.25 times.

d. Seasonal Bonus

SEASONAL BONUS PAYMENTS - CENTS PER LITRE												
SEASONAL RATIO	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
0 to 1.10	-	-	-	-	-	-	4.5	4.5	4.5	4.5	4.5	4.5
1.1001 to 1.15	-	-	-	-	-	-	3.0	3.0	3.0	3.0	3.0	3.0
1.1501 to 1.20	-	-	-	-	-	-	1.5	1.5	1.5	1.5	1.5	1.5
1.2001 to 1.25	-	-	-	-	-	-	0.5	0.5	0.5	0.5	0.5	0.5

The Seasonal Bonus is payable within the months of January to June when the Seasonal Ratio for milk intake in the month is 1.25 or less.

The Seasonal Ratio is calculated each month for January to June 2026, by taking the average daily milk intake volume in litres across the months September, October and November 2025, and dividing this average by the average daily milk intake volume in litres from the month of intake to arrive at a Seasonal Ratio for that month.

The Seasonal Bonus is paid on all in-specification milk.

4. Loyalty Payment

Loyalty Payments apply to the Agreed Volume of in-specification milk supplied and will attract the following rates based on the Supply Period contained in the milk supply agreement.

LOYALTY PAYMENT – CENTS PER LITRE												
GUARANTEED SUPPLY PERIOD	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
5 years	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
3 years	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0

5. Fees

The following are fees charged by Norco.

Milk Components – Non-compliance Fees

Adjusted Second Grade Price means the Second Grade Price plus a price which is the greater of:

- 20% of the Base Price; or
- 20% of the Minimum Price.

Milk with an average monthly fat content of <2.70% is out of specification and will be paid the **Adjusted Second Grade Price**.

Milk with an average monthly protein content of <2.60% is out of specification and will be paid the **Adjusted Second Grade Price**.

All Milk except Organic Milk – Non-compliance Processing Fees

BULK MILK CELL COUNT (BMCC) CELLS/ML MONTHLY AVERAGE (IN THOUSANDS)	STANDARD PLATE COUNT (SPC) CFU/ML (IN THOUSANDS) – CENTS PER LITRE		
	≤19	>19 TO ≤29	>29 TO ≤40
≤200			-1.0
>200 to ≤250			-1.0
>250 to ≤300			-1.0
>300 to ≤350	-1.0	-2.5	-3.5
>350 to 400	-2.5	-4.0	-5.0

These fees will apply where the monthly average SPC and monthly volume-weighted average BMCC is within specification. Where the monthly average SPC or monthly volume-weighted average BMCC is out of specification (i.e. BMCC >400 or SPC >40), the **Adjusted Second Grade Price** will be paid for all out of specification milk and these fees will apply to the in-specification milk based on the monthly average SPC and the monthly volume-weighted average BMCC of the in-specification milk.

Organic Milk – Non-compliance Processing Fees

BULK MILK CELL COUNT (BMCC) CELLS/ML MONTHLY AVERAGE (IN THOUSANDS)	STANDARD PLATE COUNT (SPC) CFU/ML (IN THOUSANDS) – CENTS PER LITRE		
	≤19	>19 TO ≤29	>29 TO ≤40
≤200			-1.0
>200 to ≤250			-1.0
>250 to ≤300			-1.0
>300 to ≤350	-1.0	-2.5	-3.5
>350 to 500	-2.5	-4.0	-5.0

These fees will apply where the monthly average SPC and monthly volume-weighted average BMCC is within specification. Where the monthly average SPC or monthly volume-weighted average BMCC is out of specification (i.e. BMCC >500 or SPC >40), the **Adjusted Second Grade Price** will be paid for all out of specification milk and these fees will apply to the in-specification milk based on the monthly average SPC and the monthly volume-weighted average BMCC of the in-specification milk.

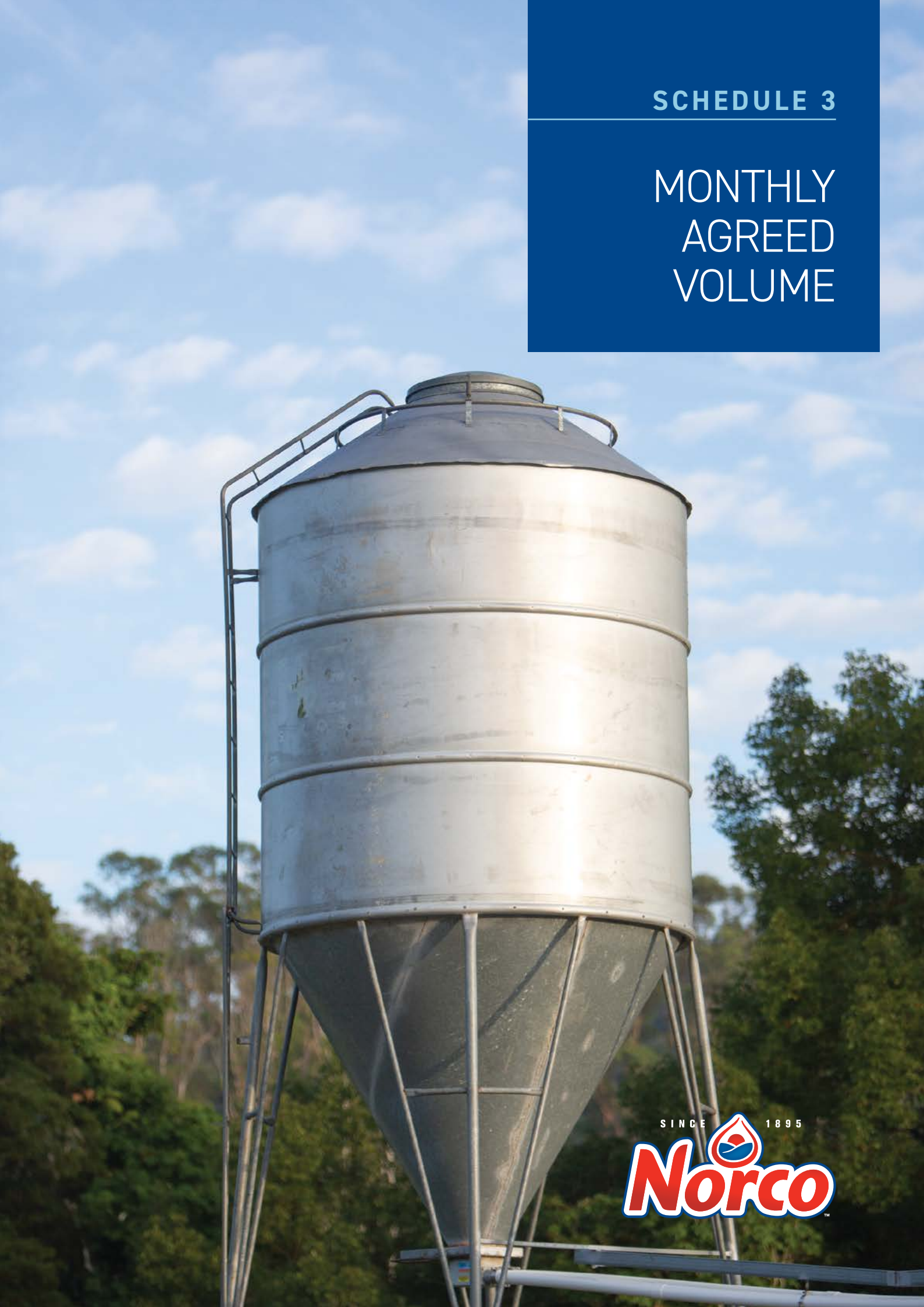
Service Fees

FEE DESCRIPTION	FEE (EX GST)
Stop Charge – everyday pickup – less than 5,000 litres or 10,000 litres over 2 days	$100.00 every second day
Stop Charge – less than 1,000 litres	$100.00 per pickup
Individual cow fat and protein	$1.69 per test
Individual cow cell count (ICCC)	$2.25 per test
SPC	$9.21 per test
Antibiotic (Delvo test through external laboratory)	$34.30 per test
PCR (pricing dependent on the laboratory selected)	$170.54 - $209.28 per test
Milk culturing (Check-up plates through Norco Milk Supply)	$20.00 per test
Printing, postage and associated consumables	$5.00 per item

Should a supplier require additional or non-standard testing, please contact your Milk Supply Field Officer to arrange a quote prior to ordering.

SCHEDULE 3

MONTHLY AGREED VOLUME



SCHEDULE
3

MONTHLY AGREED VOLUME

MONTH	VOLUME (LITRES)
July	
August	
September	
October	
November	
December	
January	
February	
March	
April	
May	
June	

ATTACHMENT 1

SUPPLIERS' INFORMATION MANUAL

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CHAPTER
1

NORCO'S MILK QUALITY PROGRAM

The Suppliers' Information Manual describes the milk quality program designed to meet the Standard 4.2.4 of the Food Standards Australia New Zealand (FSANZ) Food Standards Code (the 'Foods Standards Code') and to ensure Norco's Suppliers supply premium raw milk to meet our customers' specifications.

Norco may amend the Suppliers' Information Manual without first having to obtain the consent of the Supplier if changes are made to the Food Standards Code or any other law. Any amendments made by Norco without the consent of the Supplier will be made in accordance with the requirements set out in the milk supply agreement and the Dairy Code.

The milk quality program specifies the parameters required for sampling and testing of raw milk. The specifications for raw milk outlined in the Suppliers' Information Manual may impact payments for milk if these specifications are not met and the Supplier may be suspended from supplying milk.

Our milk quality program is designed to promote sustainable farming practices, ensure sound animal welfare and environmental stewardship, whilst providing a commitment to our customers to manufacture the highest quality products.

Norco, in conjunction with the government food authorities, continually monitors Suppliers' compliance with legislated food quality standards. Suppliers must keep farm records in a form endorsed by Norco and the relevant state government food authority which demonstrate compliance with these standards. The records are subject to review by an auditor during an on-farm audit.

Norco will provide written notice of all testing results as soon as practicable once the tests have been completed. Norco will also communicate in a timely manner and any other relevant information to allow Suppliers to reasonably comply with the milk quality program. Our Milk Supply team is available to provide assistance with milk quality and compliance matters and we will review any concerns raised by the Supplier.

CHAPTER 2

NORCO'S SUPPLIER CONDUCT

Norco has a strong set of values applied throughout the business. These include: respect, diversity, responsibility, efficiency, innovation and community.

2.1 Code of Conduct

Norco's Code of Conduct must be adhered to by all Norco Members / Suppliers at all times they are acting as, or identified as a Supplier of Norco. It is expected for all Suppliers to act in a respectful and responsible manner at all times including: dealing with employees, customers, distributors, other stakeholders of the Co-operative, members of the public and the media. The successful development of an ethical environment and behaviour relies on each individual taking responsibility for their own behaviour, and adhering to the provisions of this Code.

2.1.1. Responsibilities

All Suppliers are expected to conduct themselves in a courteous manner and observe the following standards of behaviour where they could be perceived as representing or having a relationship with Norco:

- Behaviour should be such that it contributes to positive and harmonious relationships and reflects favourably on themselves and Norco.
- Treat everyone with dignity, courtesy and respect.
- Be honest and fair in dealings with others.
- Treat all employees, customers, distributors and other stakeholders of Norco in a non-discriminatory manner with proper regard for their rights and dignity. Discrimination, victimisation or harassment based on race, colour, religion, nation of origin, age, gender, sexual orientation, marital status, family responsibilities, pregnancy or potential pregnancy, mental or physical disability, illness or any other classification protected by law is not acceptable.
- Do not use bullying behaviour. Bullying is repeated, unreasonable behaviour directed toward an individual or group and creates a risk to their health and safety.
- Do not use personal attacks.
- Use every opportunity to promote the interests and values of Norco.
- Do not use inappropriate language (swearing).
- Do not post inappropriate, false or malicious comments or materials online that may damage or tarnish the reputation of Norco or Suppliers. This includes but is not limited to social media sites, emails and text messages.
- Public comments made in a private capacity must not be attributed as an official comment of Norco.
- In the event that a Member / Supplier wishes to object to, or raise questions about, a Board of Directors' or management decision, all Members / Suppliers have the opportunity and are encouraged to raise any issues directly to the Board. However, in doing so, all Members / Suppliers are expected to conduct themselves in a respectful manner while discussing the issues and such discussions are to be held with the view of contributing to a positive outcome for the Co-operative when considered as a whole.

2.1.2. Procedure for a Breach of the Code of Conduct

Where there is reported to be a breach of this Code of Conduct, an investigation will be undertaken by the Board of Directors and / or other persons appointed by the Board.

Where the investigation substantiates the allegations, action will be taken against the Supplier in breach of this policy, which may include:

- Exclusion for a period of time from meetings / events etc.
- Reporting to a statutory authority for prosecution in cases of serious harassment / bullying / breach of the law.
- Where a serious breach of policy has occurred, the milk supply agreement can be terminated. This is at the discretion of Norco's Board of Directors.
- A person who is not satisfied with the outcome of an investigation for breach of the Code of Conduct may use the dispute handling procedure contained in schedule 1 to the milk supply agreement to resolve the dispute.

2.2 Confidentiality

Any communications from Norco that are marked Private and Confidential must not be disclosed to any third parties and are not to be shared on any social media platforms. Disclosure of confidential information is a material breach of the milk supply agreement.

CHAPTER
3

ON-FARM SAFETY

Our vision is that everyone associated with Norco operate in a safe environment. We expect Suppliers to provide the necessary training, tools and information to ensure everyone successfully fulfils their responsibilities on-farm.

Norco is committed to ensuring compliance with Chain of Responsibility laws and is equally committed to supporting our Suppliers to meet their safety needs and requirements. A range of safety strategies are available to support you. Please contact your local Milk Supply Field Officer for further details.

CHAPTER 4

MILK COLLECTION REQUIREMENTS

4.1 Dairy Licence / Accreditation

All dairy farmers who supply milk to Norco must hold a current dairy licence / accreditation with the relevant government food authority. It is illegal for Norco to collect milk from a dairy farmer who isn't licensed / accredited. If a farm has been granted Temporary Off Supply, the licence / accreditation must be maintained during this period. This is a material obligation of the milk supply agreement.

4.1.1 Changes to farm registrations

When there is a change to a farm's entity name, the current licensee must notify the relevant food authority of the change. For example:

- when a farm is sold to another entity;
- the death of one of the farm owners;
- adding a new family member;
- a family member leaving the dairy business; or
- changes to a share farming arrangement.

If a new licence / accreditation is issued, the new licence / accreditation number should be forwarded to Norco's Milk Supply Communication Officer.

For customer audit purposes, Norco may request a copy of the current licence / accreditation from the Supplier.

4.2 Accreditation

It is mandatory that all farms maintain high milk quality and food safety standards and that these can be verified through the dairy farm audit process.

Suppliers who lose accreditation from the relevant government food authority will be suspended from supply. These Suppliers will be required to demonstrate that their quality assurance system is satisfactory by an independent on-farm audit before supply will recommence.

4.3 On-Farm Audit Requirements

It is a requirement that each farm is audited as required by the relevant government food authority and the frequency of audits is normally based on the previous audit rating:

RATING	TOTAL POINTS ALLOCATED DURING AUDIT	AUDIT RESULT	FREQUENCY OF AUDITS
A	0-15	Acceptable	1 or 2 years
B	16-31	Acceptable	1 year
C	32-47	Marginal	6 months
D	48-63	Unacceptable	As required
E	64 and above	Unacceptable	As required

Whilst Norco recommends using the accredited third party auditor we have selected, a Supplier may select their own auditor. Names of auditors are available from the relevant government food authority.

If Suppliers agree to use Norco's preferred auditor, you are:

- agreeing to reimburse Norco for the fees charged by the auditor in relation to your audit, including any cancellation fee; and
- authorising Norco to deduct these fees from your milk payment.

4.4 Farm Gate Signs

All Suppliers are to display a Norco farm gate sign measuring approximately 800 mm wide by 600 mm high as supplied by Norco Milk Supply either at the front of the property where the tanker enters, or at the dairy shed. The farm gate sign assists the tanker driver in identifying the correct farm for collection.

4.5 Tanker Access

Norco Milk Supply will endeavour to fulfil individual requests from Suppliers for additional collections, this will be subject to tanker logistics and extent of the impact on routes and will incur a collection fee.

4.5.1 Tanker Access Roads

Safe and efficient access to the dairy is a condition of supply. It is the responsibility of the Supplier to ensure all tanker access roads and turn-arounds are gate-free and constructed so that a 19 m B-double can enter the farm, turn and exit without undue damage to roads or to the tanker equipment.

The tanker access road must be free of obstacles such that it complies with biosecurity requirements and that it is safe to use at all times. This includes vehicles or machinery and any trees or shrubs which grow over the road. These must be maintained so as not to make contact with the tanker. The tanker road must be maintained in a suitable condition in all weather for semi, prime-mover and tri-axle trailers. The tanker turning circle at the dairy must be well formed and free draining to prevent any pooling of water.

The tanker access road must be free of livestock at all times; livestock can only cross the tanker road via a direct lane. Cows must not use the tanker road as the primary entrance to and from the dairy, or a paddock, or feedpad. It is essential that the tanker access road remains free from mud, spilled grain or forage (i.e. silage or hay) or any other foreign material.

It is the responsibility of the Supplier to provide tanker access which ensures the safety of all drivers, farm staff and the general public. Any circumstances where the condition of the tanker road access is a problem, or considered dangerous, or may cause damage to the tanker, or pose a risk to biosecurity, the tanker contractor will notify Norco Milk Supply. Norco Milk Supply will arrange with the Supplier a time to inspect the tanker access road. If the complaint is substantiated as per inspection by Norco Milk Supply, the Supplier will be issued with a formal warning stating the complaint which must be addressed to an agreed level within a timeframe that is reasonable. If the issue isn't rectified within the allocated timeframe, nor to the standard as discussed, the collection of milk will be suspended until the Supplier can demonstrate that the issue has been addressed.

4.5.2 Driver Access

For safety, it is important that tanker drivers have clear, unobstructed access to walk from the tanker to the vat. It is essential that the area is kept free of machinery, storage of agri-products and rubbish. Grass and / or vegetation must be maintained to provide clear access for the driver. Please ensure that:

- the access path is not slippery, is free draining and free from hazards including spilled grain and forage;
- vat ladders are non-slip;
- any steps or hazards in the driver's path are clearly marked with yellow paint and / or signs;
- light switches in the vat room are easily located near the shed entrance for night collections; and
- there is adequate lighting in the vat room.

4.6 Bulk Milk Storage

All milk that is transacted and / or managed by Norco must comply with the requirements of Standard 4.2.4 FSANZ Food Standards Code.

4.6.1 Farm Vat Milk Temperature / Time of Cooling

The industry standard states that milk must be cooled to less than 5.0°C within 3½ hours from the commencement of milking.

Norco's policy is that raw milk is cooled on-farm to between 1.0°C and 4.0°C within 1½ hours from the end of milking (from when the last cups are removed).

Milk tankers are insulated but not refrigerated and milk temperature will rise during collection and transit to the factory. Milk received at the factory with a milk temperature higher than 5.0°C is non-conformant. In extenuating circumstances, milk above 4.0°C can be collected subject to review by Norco Milk Supply.

Drivers may need to collect milk within 1½ hours from the end of milking. This milk can be up to 5.0°C, subject to prior approval by Norco Milk Supply.

4.6.2 Milk Temperature Monitoring

Vat temperatures should be monitored during milking, at the completion of milking and at any stage during the day when the Supplier is in the vicinity of the milk vat. If at any point the milk is not cooling within specification, or cooling slower than usual, immediately contact a qualified technician to assess and if necessary repair / replace the cooling system.

4.6.3 Vat Thermometer Calibration Check

Twice a year, the milk haulage contractors compare the farm vat temperature gauge / digital readout with a calibrated hand-held thermometer.

Norco Milk Supply issues a letter to each Supplier advising of the vat(s) thermometer and the standard thermometer reading(s). Where the difference in thermometer readings is more than +/- 1.0°C, the Supplier must take action to rectify. Checks will follow until the discrepancy is recorded at less than +/- 1.0°C.

If the thermometer on the vat cannot be adjusted, the Supplier must notify Norco Milk Supply and attach a notice to the vat beside the gauge / digital readout showing how much the reading is out by.

It is a quality assurance requirement that at least once per year Suppliers calibrate their hand-held food grade thermometers using the "ice water" method.

CHAPTER
5

BULK MILK COLLECTION

5.1 Accepted Hours of Collection

Collection to occur no earlier than 8:30 am, and 7:30 pm, unless the milk haulage company has received approval to do so from the Supplier.

5.2 Conditions Relating to the Collection of Milk On-Farm

Collection of milk is not to take place if milking is in progress and milk is entering the vat.

Milk will only be collected from a refrigerated vat.

There is to be at least 100 mm of milk covering the bottom of the vat agitator after the first milking.

Milk will not be collected if any part is frozen, the temperature is less than 1.0°C or greater than 4.0°C.

Milk will not be collected if it contains foreign material, or if it fails the sensory test performed by the tanker driver, or by Norco.

5.3 Farm Vat Capacity and Collection Charges

Suppliers need to have adequate vat capacity to collect milk on a skip-a-day schedule.

5.3.1 Stop Fee – Everyday Collection

Suppliers requiring everyday collections will be charged a fee for every collection.

5.3.2 Stop Fee – Under 1,000 litre Collection

Suppliers will incur a fee when collection is less than 1,000 litres on a daily or skip-a-day collection. This fee is waived when:

- Suppliers start a new farm or transfer their milk production from another processor. Suppliers have 30 days from the commencement of supply to produce 1,000 litres or more per collection.
- Suppliers are ceasing milk supply e.g. exiting the dairy industry. Suppliers will be exempt from the fee for the last 30 days of supply.
- A Supplier's herd seasonally calves. Stop fees are waived when collections are less than 1,000 litres for the first 30 days after the commencement of supply of milk at calving, and during the last 30 days prior to the herd drying off.

  A seasonal calving herd is one which meets the following criteria:
  - the non-supply period must be more than 30 days;
  - milk supply must be greater than 1,000 litres on skip-a-day collection within 30 days of the recommencement of milk collection after the dry period; and
  - at the end of the lactation, the herd must be dried off within 30 days of producing less than 1,000 litres on every day or skip-a-day collection.

Herds not meeting these criteria will be considered to be non-seasonal calving herds and hence subject to the stop fee when skip-a-day or everyday milk collection is less than 1,000 litres.

5.3.3 Stop Fee – Due to Maintenance / Upgrade to Government Roads / Bridges / Causeways

If the collection of raw milk on-farm is disrupted due to maintenance and / or upgrade(s) to government roads / bridges / causeways which are beyond the control of the Supplier and / or Norco, Norco will waive, for a maximum of 30 days, additional cartage fees (that are considered to be reasonable) incurred to continue to collect raw milk. After 30 days, all additional cartage fees incurred from the disruption(s) will be attributed to the respective Supplier(s).

5.3.4 Unmanageable Circumstances

The stop fee may be waived during unmanageable circumstances. These are defined in the milk supply agreement. The effects of the event must directly result in a severe downturn in milk production. Examples of Unmanageable Circumstances are:

- A natural disaster that results in a loss of production due to, or a combination of: bushfire, earthquake, flooding, storm including hailstorm, cyclone or landslide;
- Drought:
  - Any region declared in drought (or marginally declared) by government.
  - Norco will accept submissions from properties within a 50 km straight line from a declared area.

Applying for Unmanageable Circumstances

- The onus for appeals for Unmanageable Circumstances lies with the Supplier. Suppliers will be required to submit an application in writing to the Norco Board of Directors within 3 months of the event occurring. All evidence supporting the application must be in writing.
- Suppliers will be advised of the outcome of their application within 31 days of the next Board meeting.
- Where circumstances affect a significant number of Norco Suppliers in a region, a declaration of Unmanageable Circumstances will be issued by Norco.

5.4 Sampling Methods of Bulk Milk

All samples have a unique barcode to identify the farm.

Norco must give the Supplier written notice of test results as soon as practicable after the milk is tested.

At each collection, a minimum of two raw milk samples are taken. The sample for composition and bulk milk cell count (BMCC) is taken in-line during milk collection by the drip sampler on the tanker. Another sample may be taken by the driver directly from the vat.

The sample for the standard plate count (SPC) is taken directly from the vat. In the case where there is only access to the vat by a side door, the sample will be taken once the milk is below the door level. Samples for SPC may be taken in-line during milk collection by the drip sampler on the tanker.

A composite sample is taken in part from each vat, where there are multiple vats. For additional testing of vats where segregation of milk is required, sampling and testing for each vat can be arranged.

Milk samples may be tested for inhibitory substances, thermodurics and freezing point.

Samples for individual cows or additional bulk milk samples can be requested through Norco Milk Supply. Samples will be collected by the tanker driver and results reported to the Supplier by Norco. The costs associated with this additional service will incur a fee charged to the Supplier by a third party.

5.4.1 Tanker Milk Flow Meters

All milk tankers are equipped with milk flow meters that record milk collection volumes on-farm. The metering system must be calibrated to adhere to National Measurement Institute requirements. The volume measured on-farm is uploaded and forwarded through to Norco's data system. At the completion of collection, a printout will be placed in the dairy. Please note that data presented on these printouts has not been verified by Norco.

5.5 Procedure for Collection of Milk during Natural Disasters

Suppliers should not dump any milk on their own initiative.

If tanker access is restricted or is likely to become restricted, or you have experienced a power outage and you don't have a back-up power source, contact Norco Milk Supply and, if required, your milk contractor.

An earlier collection may be an option (but not always possible) to provide you with more storage capacity at the time of the natural disaster.

Provide advice on road closures, creek / river heights to your Milk Supply Officer. Local knowledge is invaluable in determining the best course of action, particularly in relation to how creeks are rising and falling in an area.

Notify Norco Milk Supply of changes to contact numbers for farm staff.

Strategies to use in times of natural disasters:

- Sorting milk by age – If you have several milk vats, you should place milk in vats based on age. This will minimise loss in the event that the oldest milk is rejected by Norco and it needs to be dumped.
- More than 4 milkings to collect –The milk quality policy states that milk is to be held for no more than 4 milkings. During times of natural disasters, consideration will be given to collecting up to 5 or 6 milkings. This policy is managed very carefully by Norco Milk Supply from a quality point of view and must be authorised by Norco Milk Supply.
- Dumping milk – If the milk tanker contractor cannot access your farm, you will be advised by Norco Milk Supply if and when to dump milk.

Milk which is within specification that was disposed of on-farm due to tanker inaccessibility caused by flooding will be paid as per the following policy:

- For farms that have the capacity to hold four (4) or more milkings, a maximum of three (3) dumped milk claims per farm is allowable in each financial year (a total of 12 milkings). Additional claim(s) may be considered by Norco Milk Supply.

In instances when milk is disposed of on-farm due to tanker inaccessibility caused by natural disasters other than floods, the Board will assess each situation to determine if Norco will subsidise the Supplier for the loss of milk.

Norco does not pay for any sour or aged milk dumped due to an inability to milk and / or cool milk due to electricity supply failures. Suppliers need to consider claiming the value of this milk through their farm insurance.

5.6 Regular Information to Suppliers

Each month Norco will give the Supplier a written Milk Production Advice identifying the quantity and milk solids content of milk supplied during the previous month.

CHAPTER 6

MILK QUALITY STANDARDS

6.1 Minimum Milk Components

The minimum in-specification requirements for milk components are 2.7% fat and 2.6% protein.

Milk components with a monthly average of less than 2.7% fat and / or less than 2.6% protein are out of specification and will be paid as second grade milk.

6.2 Standard Plate Count (SPC)

Norco reports 20,000 colony forming units (cfu) per mL as 20.

Milk samples are tested for SPC once per week on randomly selected days. If the SPC result is equal to or greater than 20 then the sample from each subsequent collection will be tested until two consecutive collections are less than 20 SPC. Norco will accept milk with an SPC equal to or greater than 20, but this milk will not be eligible for any quality bonuses.

The monthly SPC average for each Supplier is calculated by:

- All recorded test results in each week of the month i.e. week 1 is from the 1st to the 7th, week 2 is from the 8th to the 14th etc. are averaged to determine the weekly SPC. Depending on the month, there may be four or five weekly averages.
- The highest weekly average in a month is discarded to allow for anomalies and the remaining weekly averages are then averaged. Example of the monthly SPC calculation where the result is 9:
  - The Week 4 result of 28, being the highest for the month, is discarded from the monthly average calculation. The average of weeks 1, 2 and 3 is "9", representing an average of 9,000 cfu per mL for the month.

WEEK 1	WEEK 2	WEEK 3	WEEK 4
10	6	10	28*

6.3 Bulk Milk Cell Count (BMCC)

Norco reports BMCC 200,000 cells per mL as 200.

The monthly BMCC result is calculated as a weighted average, this takes into account both the volume of milk and the BMCC result.

The weighted volume of each milk collection is calculated by multiplying the volume (litres) by the BMCC result from the same collection. The highest weighted volume is excluded from the pay calculation to account for anomalies. The weighted volume for each of the remaining collections within the month is summed and divided by the total volume.

Example of calculating the average monthly BMCC of "119"; total weighted volume (1,681,534 divided by the total volume (litres) 14,157 = 119, representing an average of 119,000 cells per mL for the month.

	VOLUME (LITRES)	BMCC	VOLUME x BMCC
	3,502	112	392,224
	3,550	120	426,000
	3,560	125	445,000
	3,545	118	418,310
TOTAL	**14,157**	**119**	**1,681,534**

6.4 Milk Quality Standards, Rejections and Appeal Process

6.4.1 Insurance Cover

Suppliers should have adequate insurance which covers any potential income loss, contamination or damage. If milk from your farm contaminates the tanker you will be liable to pay for all the contaminated milk on the tanker, its disposal including any additional transport and demurrage costs. Norco Milk Supply will assist Suppliers by way of a letter with an explanation of the incident and loss of milk income and / or costs associated with the incident.

6.4.2 Rejected Milk

If milk does not meet the minimum quality standards it is out of specification and may be rejected. If milk is rejected, Norco Milk Supply will provide the Supplier with a written notice as soon as practicable after the milk is rejected providing reasons for the rejection and the consequences for the Supplier of the rejection including any fees that become payable by the Supplier.

Milk which is out of specification and has been rejected by Norco must be disposed of according to Section 6.9 Disposal of Milk.

If the contamination is of an ongoing nature, the Supplier will be placed on suspended supply until the contamination has been removed as assessed by Norco Milk Supply.

Where the duration of the contamination is over an extended period (for example 7 days), the Supplier needs to arrange specialised testing of the milk / cows (e.g. for chemical residues) or removal of the source of the contamination (e.g. taint). In this situation, contact Norco Milk Supply and / or your Department of Primary Industries' office for advice.

6.4.3 In-Specification Milk Quality Standards

The base milk quality standard is the lowest quality of milk that Norco will accept as in-specification milk. Milk that does not meet this standard will either be graded as second grade milk and / or rejected, and may result in suspended collection. Milk will be in-specification if it meets the minimum milk components and standards identified in this Section 6 and is not classifiable as Out of specification according to the following table. The Standard column in the table identifies Norco's preferred milk standards:

COMPONENT	STANDARD	OUT OF SPECIFICATION	TESTING REGIME
Fat	At least 3.30%	Less than 2.70%	Tested each collection
Protein	At least 3.10%	Less than 2.60%	Tested each collection
Bulk milk cell count (BMCC)	Less than 200,000 cells/mL	Greater than 400,000 for conventional milk and greater than 500,000 for organic milk	Tested each collection
Standard Plate Count	Less than 20,000 cfu/mL	Greater than 40,000 cfu/mL	Test conducted every 7 days
Thermodurics	Less than 2,000 cfu/mL	Greater than 5,000 cfu/mL	Random checks
Temperature	4.0°C or less within 1½ hours after last cups removed	Milk will not be collected above 4.0°C unless approved	Measured each collection
Freezing point	Less than -0.517°C	Warmer than -0.506°C	Random checks
pH (probe)	Between 6.60 and 6.90	Below 6.60 or above 6.90	Sensory fail, random checks on tankers
Acidity (titration)	Between 0.12 and 0.16	Below 0.12 or above 0.16	Sensory fail, random checks on tankers
Antibiotics	Clear of antibiotics	Contains antibiotics	Each tanker tested at factory
Blood in milk	No blood in milk	Contains traces of blood	Sensory check at each collection; each tanker tested at factory
Sour milk	Clear	Smells sour	Sensory check at each collection; each tanker tested at factory
Extraneous Matter	Clear	Contains extraneous matter	Random checks
Colostrum	Clear	Contains colostrum	Sensory check at each collection; each tanker tested at factory
Iodine	500 mg/L	Higher than 500 mg/L	Random checks
Other inhibitory substances	Clear of foreign matter, unacceptable odours and/or taints	Contains inhibitory substances	Sensory check at each collection; each tanker tested at factory
Animal feedstuffs	Feedstuffs must meet regulatory requirements for cattle, and where reasonably possible be free from genetically modified organisms (GMO's), pesticides, chemical residues and animal material.	Contains pesticides, chemical residues, GMO animal material, animal material	On-farm audits
Colour	Yellowish-white	Opaque, dark, not yellowish-white	Sensory check at each collection; each tanker tested at factory

6.4.4 Out of Specification Milk

If a Supplier is placed on suspended collection, this will occur for a minimum of 7 days. If a Supplier is suspended under these failures, collection will only resume if all milk quality results are within specification.

Milk rejected whilst under suspension is to be disposed of on-farm without payment. If requested by the Supplier, a milk sample will be collected prior to the dumping of the milk.

For milk results out of quality specifications, the following applies:

- If the monthly average BMCC is from 401 to 500 or 501 to 600 for organic milk, the Supplier will be paid at the second grade milk rate for the month, regardless of the SPC monthly average.
- If the monthly average BMCC is 501 or higher or 601 or higher for organic milk, the Supplier will be paid at the second grade milk rate for the month and will be placed on suspended collection, regardless of the SPC monthly average.
- If the monthly average SPC is from 40 to 49 the Supplier will be paid at the second grade milk rate for the month, regardless of the BMCC monthly average.
- If the monthly average SPC is 50 or higher the Supplier will be paid at the second grade milk rate for the month and will be placed on suspended collection, regardless of the BMCC monthly average.
- A Supplier will remain on suspended collection until the BMCC tests less than 350 (or less than 450 for organic milk) and less than 20 for SPC for 4 consecutive milk samples collected every second day (equivalent to 8 days), over a maximum duration of 21 consecutive days.

6.4.5 Farm Milk Quality Appeals Mechanism

A Supplier can appeal a milk quality decision based on BMCC, SPC, fat or protein. The Supplier must submit an appeal in writing to the Milk Supply Manager. Appeals must be made within one month from the notification of the test result, milk quality failure, or identification of a quality irregularity.

6.5 Milk Temperature

Milk received at the factory with a temperature higher than 5.0°C is non-conformant, an investigation by Norco Foods and Milk Supply to determine the cause of the high temperature will be conducted. An assessment as to whether the milk is within specification will be made.

In extenuating circumstances, milk above 4.0°C can be collected on-farm subject to review of the situation by Norco Milk Supply.

6.5.1 Collection Procedure During Extenuating Circumstances – Milk Temperature

In the event of a vat failure (e.g. breakdown, power blackout) it is the responsibility of the Supplier to contact Norco Milk Supply and the milk contractor as soon as possible. Norco Milk Supply will assess the situation to determine if the quality of the milk is suitable for collection.

When milk on-farm is above 4.0°C at the time of collection, the tanker driver will contact Norco Milk Supply to determine if the milk is within milk quality parameters (within specification). When possible, Norco Milk Supply will contact the Supplier for details to assist in assessing the milk quality. In this situation, the Supplier will be asked the following questions but not limited to:

- the nature of the breakdown;
- the expected repair time;
- was the breakdown apparent in previous milkings and was the agitator working;
- the time milking commenced and the time milking finished (last set of cups removed);
- the temperature of the milk at the start of milking; and
- the duration of time the milk temperature has been above 4.0°C.

6.6 Sour Milk

Microbiological contamination of milk can occur due to vat failure, electricity blackouts, the inclusion of sour milk and / or poor dairy hygiene. Sour milk is determined by conducting either sensory, pH or acidity tests.

6.6.1 Procedure for Sour Milk

If you suspect or know that the vat milk is sour, immediately contact Norco Milk Supply who will assess the situation and advise whether or not the milk is suitable for collection.

6.6.2 Rejection of Sour Milk

If milk received at the factory fails either the sensory test, and / or acidity, and / or pH tests it will be rejected. The individual farm milk samples will be tested to identify which Supplier supplied the milk. The Supplier will not be paid for this milk.

Before further milk can be collected from the Supplier identified with the sour milk, a sample must be taken from the vat and pass sensory, pH and acidity testing.

6.7 Antibiotics in Milk

Suppliers must not supply milk containing antibiotics.

6.7.1 Procedure for Testing Cows

Cows that have been treated off label (i.e. longer treatment period, higher dose rate) with antibiotics or cows that have received dry cow treatment administered but not completed the required dry period as per the label should have their milk tested for antibiotics before their milk is included in the vat.

Individual cow milk samples can be tested using the on-farm Delvo test kit. The Supplier will be charged for the ampoules (vials) used.

Alternatively, cow samples can be sent to a commercial milk testing laboratory (e.g. Silliker) for testing using the sample bottles and bags provided by Norco Milk Supply.

Cow samples may also be tested at a Norco factory. Please discuss with your Milk Supply Officer and notify the laboratory if you intend submitting cow samples for testing.

6.7.2 Procedure when Milk from an Antibiotic Treated Cow Enters the Milk Vat

If a Supplier milks an antibiotic treated cow into the milk vat, then that vat of milk **must** be dumped.

In this situation where an antibiotic treated cow has been milked into the milk vat, that vat of milk **cannot** be cleared for collection by testing with an antibiotic testing kit.

Milk contaminated due to antibiotics and dumped on-farm will be paid for at the second grade price.

6.7.3 Procedure for Suppliers who Suspect they have Antibiotics in their Vat Milk

Where a Supplier is **uncertain** if an antibiotic treated cow has been milked into the milk vat, you must test a sample of vat milk with a Delvo antibiotic test kit to determine its suitability for collection. If there is suspected contamination and no test result is available, milk must not be submitted for collection.

Contact and advise Norco Milk Supply and the milk tanker contractor not to collect the milk, including on days when you are not due for collection. It's recommended to attach a temporary notice to the vat saying 'DO NOT PICK UP MILK' as an extra precaution.

Samples can be tested for antibiotic residue at another Norco Supplier with a Delvo test kit. A laminated sheet listing the antibiotic testing kit locations in your area should be displayed at the dairy.

Caution must apply when reading the test result. Any colour variation from the colour of the negative result confirms the result is positive to contamination by antibiotics and the milk must be dumped.

Following a negative test for antibiotic residue (i.e. no antibiotics detected), immediately contact the Milk Supply Officer and ask for the milk to be collected. Remove the temporary notice from the vat if attached.

Alternatively, take the milk sample to the closest Norco factory where a Norco laboratory staff member will conduct the test. Suppliers must have the sample to the laboratory at least 3 hours before the laboratory closes as the test takes 3 hours to complete.

When milk tests positive for antibiotics, it cannot be collected and must be disposed of on-farm. Record the volume of milk disposed and inform Norco Milk Supply.

6.7.4 Procedure where Antibiotic Milk Contaminates the Tanker

Upon arrival at the factory, each milk tanker is sampled and tested for antibiotics. Milk is held on the tanker until the rapid test result is known. In the event of a tanker testing positive on both the rapid and Delvo tests, the milk cannot be used and must be dumped.

When a milk tanker tests positive to a rapid test, milk collected from each Supplier is then tested using the rapid and Delvo to identify the source of the contamination. The tanker is rejected if either the Supplier or Tanker samples test positive to the Delvo.

Before further milk can be collected from the Supplier identified with the antibiotic milk, a sample must be taken from the vat and test negative to antibiotics. Suppliers will undergo a compulsory internal audit of their procedures to manage antibiotics.

The relevant government food authority's must be notified of all positive consignments and a report submitted by a Norco laboratory technician and a Milk Supply Officer outlining the cause of the incident and the preventative action plan undertaken by the Supplier.

6.8 Contaminated Milk

Milk must be free from abnormal smell, taste, colour, foreign material and residues, wash chemicals, blood, pesticides, herbicides, animals and contain no added water.

Contamination can be:

- Chemical contamination including water, insecticide, pesticide, herbicide, cleaning agents, taint etc.
- Physical contamination including colostrum, blood, extraneous matter, vermin, other organic matter, thermodurics, recommencement of milking after a period of missed milkings etc.

6.8.1 Procedure for Contaminated Milk

If a Supplier suspects or knows that the vat milk has been contaminated, call Norco Milk Supply for further instructions.

6.8.2 Milk Freezing Point / Water in Milk

Freezing point on Suppliers' milk is monitored by Norco to ensure it complies with the Standard 4.2.4 of the Food Standards Australia New Zealand. Milk that contains water will have a higher freezing point. Water in the milk changes the composition, colour and the taste of the milk and will reduce the overall quality of Norco products.

The freezing point of milk shall not be warmer than -0.517°C. If milk freezes above -0.517°C, it indicates that water may have been added to the milk.

Where a tanker load of milk is detected as having an abnormal freezing point, all individual milk samples on that run are tested to determine where the abnormal milk has come from.

- Conformance:
  Freezing point lower / cooler than -0.517°C.
- Non-conformance:
  Warnings are issued when the freezing point is -0.516°C to -0.507°C. Suppliers are subject to suspended collection when their milk freezing point is warmer than -0.506°C for two consecutive collections or more than twice in any 7 day period. The length of the suspended supply is for a minimum of 7 days or longer until a satisfactory test result is achieved.

If freezing point failures are unexplainable, contact Norco Milk Supply for advice.

6.8.3 Enzootic Bovine Leucosis (EBL)

Freedom from EBL was achieved in the Australian dairy herd on 31st December 2012, with 100% of dairy herds having a Monitored Free status. Maintenance of the status of the Australian dairy herd will require ongoing surveillance. EBL is present, at a very low prevalence, in sectors of the Australian beef herd. This means that ongoing strict controls will be required on the introduction of beef cattle into dairy herds. Dairy Australia will manage the EBL testing of all dairy herds every 3 years to ensure that introduced cattle are free from EBL.

6.8.4 Pesticides / Agricultural Chemicals

The relevant state authority's regularly monitor pesticide levels in milk. If a Supplier's milk exceeds the pesticide standard, their milk collection is immediately suspended until a satisfactory level has been achieved.

6.8.5 Iodine

The relevant government food authority' dairy standard for the iodine level of milk is a maximum of 500 µg/L (micrograms per litre).

Norco has the ability to test for iodine and if a Supplier's milk exceeds the iodine standard the factory will notify the Supplier and suspend milk collection until a satisfactory level has been achieved.

Milk Suppliers should be aware that only products registered for use as a pre-milking teat preparation should be used.

6.8.6 Genetically Engineered Products

Customers of Norco Foods request products to be manufactured free of genetically modified food ingredients. Norco Foods is committed to manufacturing food products which are free from genetically modified organisms (GMO).

In order to achieve this outcome, Norco Foods has procedures in place through its New Product Development, Purchasing and Quality Assurance departments to monitor, control and audit ingredients utilised in the manufacturing process which are designed to ensure the GMO free status of all Norco Foods' products.

Suppliers where possible must avoid feeding dairy cattle feedstuffs containing GMOs.

6.8.7 Mycotoxins

Mycotoxins are poisonous chemical compounds produced by certain fungi. There are many such compounds, but only a few of them are regularly found in food and animal feedstuffs.

Suppliers are to avoid feeding any feedstuff that contains mould or are high risk products (e.g. peanut meal) unless thorough testing for mycotoxins has been undertaken.

6.8.8 Milk Taint

Milk taints describe any flavour or odour defect in milk. Taints can be classified as:

- absorbed / transmitted, e.g. originating from feed, odours in air;
- bacterial / microbial, e.g. thermoduric bacteria; and
- chemical / enzymatic, e.g. aggressive agitation, mastitis, chemical contamination.

All milk received at the factory is sensory graded for taints, which can be evident in raw or pasteurised milk or both. Sensory grading involves smelling the milk both cold and heated and taste testing pasteurised milk. If a taint is detected, a team of trained sensory graders will complete a blind panel of assessment to determine if the taint is strong / offensive enough to affect the finished product and, if so, which farm the taint originated from. If a Supplier is identified to be the cause of the taint, that Supplier will be placed on suspended supply until milk samples confirm the taint has been removed.

6.9 Disposal of Milk

6.9.1 Contaminated Vat

Milk rejected on-farm must be disposed of in a way that prevents discharge into watercourses. The recommended options are:

- Feeding to other animals. Consider potential antibiotic residue and availability of suitable storage facilities.
- Applying to pasture at diluted ratio of 1 part milk to 10 parts water. Apply to recently grazed pasture to maximise paddock withhold. Contact the Environmental Protection Authority for specific disposal requirements.
- Dedicated pond or trench with suitable soil to prevent milk leaching into water table. Trenches should hold a maximum of two days' volume of milk and should be filled in immediately to minimise odour.
- Removal off farm to commercial waste treatment facility.
- Dairy effluent system. Large quantities of milk in effluent systems or ponds should be diluted with water and irrigated out / emptied as soon as possible.

6.9.2 Contaminated Tanker

Milk rejected at the factory due to contamination will be disposed of at an Environmental Protection Authority licensed waste facility.

6.10 Animal Welfare Policy

Norco supports the Australian Dairy Industry position on Animal Welfare.

The Australian Dairy Industry takes its responsibilities for Animal Welfare seriously and supports the Federal Governments Australian Animal Welfare Strategy (AAWS). The AAWS contains two documents that apply to dairy farms. These are:

- The Australian Animal Welfare Standards and Guidelines: for Cattle. This document has been endorsed by the State Governments and is awaiting final legislation.
- The Australian Animal Welfare Standards and Guidelines: Land Transport of Livestock. This document has been implemented into State legislation.

These two documents have been adopted by the Board of Norco as requirements for the supply of milk to Norco and are available on the Dairy Australia website and on request **https://www.dairyaustralia.com.au/farm/animal-management/animal-welfare**

Norco Milk Suppliers must also comply with any state legislation governing animal welfare. These are as follows;

- In NSW - **Prevention of Cruelty to Animals Act 1979**
- In QLD - **Animal Care and Protection Act 2001**

MILK QUALITY STANDARDS CONTINUED

Milk Suppliers must adhere to these Acts, Standards and Guidelines at all times. In addition to the Acts, Standards and Guidelines, Norco requires that the following Animal Welfare criteria are followed by all Milk Suppliers:

- Tail docking must not be practiced unless assessed as necessary and carried out by a veterinarian for the welfare of an individual animal.
- Calving induction must not be used as a reproductive management technique. It may only be used under veterinary supervision for individual animal welfare concerns.
- Prevention strategies, early detection and treatment programs must be implemented for down cows and animals with lameness.
- In QLD, only veterinarians or accredited pregnancy testers can charge or receive reward/compensation for pregnancy testing cattle; via rectal palpation or transrectal ultrasound. An accredited person is a person accredited to use rectal palpation or transrectal ultrasound to test for pregnancy in cattle under an approved cattle procedures accreditation scheme.
- Disbudding (up to 2 months of age) and dehorning (over 2 months of age) must be performed using approved methods. Disbudding paste can only be used in NSW for calves under 2 weeks old. The use of disbudding paste is prohibited in Qld. Dehorning should be performed before the animal is 6 months of age; if dehorning is performed once the animal is over 6 months of age appropriate pain relief must be administered. Using pain relief for all types of disbudding and dehorning is highly recommended and likely to be mandated across Australia in the near future.
- Body condition must be maintained so cows are not below a score of 3 and cows should calve at a score of 4.5 to 5 (on a 1 to 8 scale). If individual cows are below a score of 2.5, they should be preferentially fed and, if possible, dried off.
- Appropriate euthanasia methods must be used in a timely manner as soon as it is deemed necessary. These methods include a licensed firearm or captive bolt device. All dairy farmers must provide staff with training as required and all dairy farms must have one of these two approved methods on hand at all times. Euthanasia by blunt force trauma should no longer occur, except in emergency situations, which are defined in the Australian Animal Welfare Standards and Guidelines for Cattle as 'the calf is under 24 hours old AND the calf is in severe pain or distress AND there is no other practical alternative'. Euthanizing livestock training workshops are available in all areas, please contact your local Regional Development Program (Subtropical Dairy or Dairy NSW).
- Bobby calves must be at least 5 days old before sale/leaving the farm and fed colostrum/milk to meet their needs. Their last feed of milk must be provided less than 6 hours before transport commences.
- Calves between 5 to 30 days old must have no more than 30 hours time-off-feed whilst being transported.
- All calves must have access to clean water and shade/shelter at all times.
- Castration should be performed by ring method for calves between 2 days to 2 weeks old and by cutting method between 2 weeks and 6 months old. If cattle are castrated over 6 months of age appropriate pain relief must be administered.
- A mastitis management plan must be in place.
- Antibiotics should be used when appropriate for animal welfare. However, Suppliers must be mindful of inappropriate or overuse of antibiotics. Several bacteria strains have developed that are antibiotic resistant due to the over use or inappropriate use of antibiotics. Antibiotics that are important to human medicine and susceptible to resistance due to overuse in the dairy industry include Ceftiofur and Virginiamycin. We ask our Milk Suppliers to avoid the use of these two antibiotics unless they are deemed necessary by a veterinarian.

The AAWS is continually under review, as changes to the Strategy are adopted by Industry, Norco must ensure that these changes are incorporated in Norco's Animal Welfare Policy and that they are followed by all Milk Suppliers.

6.10.1 Complaints Handling Procedures

Should a person have a concern or a complaint about Animal Welfare in relation to a Norco Milk Supplier, they may request Norco to investigate. To do this they must lodge an Expression of Concern or Complaint regarding Animal Welfare concerns. This will be assessed by a Norco Milk Supply Officer. If the Field Officer in their reasonable discretion deem the complaint on its face value to be legitimate and lawful, an investigation will be initiated. Norco will not investigate complaints that are not in compliance with this procedure or that arise from illegal trespass or breach of biosecurity directions.

Suppliers are required to co-operate during the investigation process to ensure the highest level of transparency is attained for the benefit of the Supplier involved, the Co-operative and the Dairy Industry. All Suppliers should aspire to comply with the Animal Welfare Standards and Guidelines at all times.

Norco will not provide the details of a Complainant to a Supplier unless the Complainant has consented in writing to that disclosure, this is due to our obligations under the Privacy Act Following the investigation of a complaint, Norco will respond to the Complainant to confirm that the matter has been investigated and that the Complainant's concerns have been raised with the Supplier. Norco will also provide the Australian Animal Welfare Standards and Guidelines, along with any other appropriate Industry material, to the Complainant to ensure their understanding of Animal Welfare standards on a dairy farm. The findings of any investigation and any corrective actions required will not be disclosed to the Complainant unless the Supplier has agreed to that disclosure in writing. Milk Suppliers shall not seek recourse against a Complainant if the complaint has been made lawfully.

6.10.2 Addressing a Breach

If a Supplier fails to meet the requirements of Norco and/or the Standards and Guidelines, their Milk Supply Officer will qualify the breach(es) and develop and help implement plans to address the breach(es). If the breach(es) is not addressed to a level required to satisfy the requirements, the Supplier will be provided with a warning period. If after the warning period the breach(es) has not been addressed to a level required to satisfy the requirements, the Supplier will be put off supply until such time as they can demonstrate they have complied with these requirements. A serious breach(es) or prosecution will result in the termination of the Milk Supply Agreement.

These requirements are the minimum specifications for Animal Welfare as outlined by the Australian Dairy Industry in the Australian Animal Welfare Standards and Guidelines for Cattle and the Land Transport of Livestock documents.

6.11 Sustainability On-Farm

At Norco we have a responsibility to ensuring the sustainable production and processing of milk and other dairy related products. From time to time we request that Suppliers participate in Norco's Environmental, Social, Governance (ESG) program by providing information on environmental, carbon use, animal welfare and social. Norco's objective is to implement activities to surpass industry and government targets including Dairy Australia's whole of industry target of a 30% reduction in emissions by 2030, and the federal government's target of zero emissions by 2050.

CHAPTER 7

MILK SUPPLY POLICIES

7.1 Non-Conventional Milk Products

Non-conventional milk products include organic, A2 and Jersey milk. The supply of these milk products requires approval from Norco Milk Supply.

Suppliers of organic milk must hold an appropriate and maintain certification issued by a recognised organic farming body.

Suppliers of A2 milk must hold and maintain certification or approval from the appropriate organisation and comply with all of that organisation's requirements for the supply of A2 milk.

Suppliers must apply in writing to Norco Milk Supply to provide both A2 and conventional milk from the one farm. They must have a procedure that clearly identifies and separates A2 and conventional herds and have a dual milk storage system. The Supplier has a maximum of 6 months to convert to A2 milk supply.

Suppliers of other milk branding classifications, for example Jersey milk, must ensure sufficient controls and herd characteristics deemed to be required by the labelling information attached to the specific brand in which the milk is designated.

7.2 Storage and Handling of Raw Milk On-Farm

All on-farm raw milk must not be modified in any way that may / does interfere with the natural state of raw milk. This includes any actions that alters:

- milk quality including bulk milk cell count, standard plate count;
- components including fat %, fat content, protein %, protein content, solids non-fat; and
- freezing point, smell, structure, colour or viscosity.

Under no circumstances can a Supplier add milk to the raw milk for collection that has in any way been modified from its natural state to avoid possible contamination and spoilage.

Suppliers must adhere to these standards as outlined in this policy at all times. Where milk is detected as being abnormal, an investigation will be initiated by Norco Milk Supply to identify the cause. If the milk is found to have been modified in any way as described in this policy, the milk Supplier will be placed on suspended supply until 4 consecutive tests (on skip-a-day) are shown to be normal.

7.3 Sale of Milk Off-Farm

The Supplier agrees to supply all milk produced at the farm to Norco. Any milk used for the rearing of livestock, or consumed for domestic purposes, at the farm is excluded.

A Supplier must apply in writing to Norco Milk Supply requesting approval to sell up to 10% of the Supplier's weekly farm milk production (to a maximum of 1,250 litres per week) to either a third party or to use for on-farm manufacturing by the Supplier for a maximum 12 month period. The Board will consider the request and make a decision to grant or refuse the request in its absolute sole discretion without being required to provide reasons. After 12 months, a Supplier must resubmit their application in writing to Norco Milk Supply, whereby it will be reviewed by the Board.

The third party or Supplier may not sell or manufacture dairy products that directly compete with Norco, its partners or affiliates. Suppliers may not supply third parties which are in direct competition with Norco for farm supply.

All milk sold under this policy must meet the minimum state statutory regulations for milk quality and safety.

Norco will not transport any such milk to a third party on behalf of the Supplier nor will it undertake testing of such milk.

7.4 Temporary Off Supply

A written request from the Supplier for Temporary Off Supply must be received by Norco Milk Supply no later than 14 days from ceasing supply. Upon receipt of such notification, Norco Milk Supply will review the request. Consideration will include but not be limited to requirements for milk supply, the Supplier's milk volume and milk quality history, and previous Temporary Off Supply approval. Norco will make a decision in its sole discretion acting reasonably.

If the request is accepted, the Supplier will be granted a period of exemption from supply of up to 5 calendar months (approximately 150 days), commencing from the date of their last collection.

Prior to the completion of the fifth month of the Temporary Off Supply, the Supplier shall be entitled to recommence supply to Norco subject to:

- an audit by a member of the Norco Milk Supply team to ensure that all relevant Norco policies and procedures are met;
- supplying no less than 1,000 litres equivalent to skip-a-day collection;
- confirmation of a valid relevant government food authority dairy licence / accreditation; and
- for Suppliers that supplied out of specification milk as described in the Suppliers' Information Manual prior to the commencement of Temporary Off Supply, the BMCC test results must be less than 350 (or less than 450 for certified organic milk) and less than 20 for SPC for 4 consecutive milk samples collected every second day (equivalent to 8 days), over a maximum duration of 21 consecutive days. For Suppliers that supplied milk within specification, the same milk quality parameters and duration apply for 1 milk sample.

If the Supplier is unable or unwilling to complete all requirements prior to the completion of the fifth month as stated within this policy, they shall be deemed to be permanently closed.

If the 5 months of exemption lapses without any communication from the Supplier, they shall be deemed to be permanently closed. This may be considered a breach of the milk supply agreement if there has been no discussion or agreement with Norco. If, at some later stage, the Supplier desires to recommence milk supply to Norco, the Supplier will be required to submit an application to supply milk to Norco. Any such application will be assessed in accordance with the then process in place whereby new applications to supply are assessed by Norco Milk Supply.

7.5 Ceased Supply

A supplying farm of Norco shall be deemed to be permanently closed when milk collection and receival ceases (except in the cases of seasonal calving and milk quality failures), unless written notification is received from the owner(s) of the farm requesting that the farm be granted Temporary Off Supply status.

7.6 Mining and Coal Seam Gas Exploration and Extraction

Norco has and will continue to advocate for appropriate outcomes for rural communities and businesses, having regard always to the obligation of society to respect and protect our valuable agricultural resources, not least of which is the precious environment in which we all live and work. In that context Norco has adopted the following policy on mining and coal seam gas (CSG) exploration and extraction.

Suppliers must notify any developments involving mining or CSG activity on the farms that are used for the production of milk supplied to Norco.

Norco does not permit its Suppliers to use produced water from mining and CSG production on their farms without prior written consent from Norco.

CHAPTER
8

WHO TO CONTACT FOR INFORMATION OR HELP

If a Supplier requires assistance or information with respect to Milk Supply they should as a first step contact their regional Milk Supply Officer. If they don't have the contact details for the regional Milk Supply Officer or require assistance that they don't believe the Milk Supply Officer can assist with they should contact the Communication Officer who can direct the enquiry to the appropriate person.

If the Supplier requires assistance with milk transportation, they should contact the milk contractor who services their farm.

For assistance with antibiotic test kits the Supplier should contact their nearest Supplier with a test kit. If they don't have these details, they should contact the Communication Officer.

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