

March 30, 2020

A2 Protein Milk Production Expression of Interest

Background:

As you may be aware from recent news reports, The a2 Milk Company Limited (“a2MC”) has granted to Agrifoods Cooperative (through its affiliate Meadowfresh Dairy Corporation) the exclusive license to use the trademarks and other intellectual property of a2MC to produce and sell a2 milk[®] branded milk products (“a2 Brand Products”) in Canada. a2 Brand Products are made using raw milk that contains only the beta casein variant A2, and correspondingly does not contain any beta casein variant A1 (“A2 Protein Milk”).

The Board is seeking producers interested in producing A2 Protein Milk to source the request of Meadowfresh.

Requirements:

In order to qualify as a supplier of A2 Protein Milk for a2 Brand Products, a farm must meet a number of requirements. Following is a brief overview of the requirements. Interested farms will be provided with a more detailed description of the requirements.

1. a2 System: a2MC has developed a proprietary system relating to the production of A2 Protein Milk and the processing of that milk into a2 Branded Products (the “a2 System”). Selected farms will be required to enter into agreements with Meadowfresh and a2MC under which they will agree to comply with the a2 System.
2. DNA Testing: Each animal in the herd must be DNA tested using a2MC’s proprietary testing methodology. Testing will occur prior to any farm being selected and may occur periodically so long as a farm is a supplier of A2 Protein Milk to Meadowfresh.
3. Herd Segregation and Management: The farm must establish a herd consisting only of animals that have passed the DNA Testing mandated by a2MC. The herd must be segregated and maintained over time to ensure compliance with the a2 System. Farms must agree to comply with the a2MC Animal Welfare Program.
4. Farm Infrastructure: Each farm must have the ability to record milking animals electronically and provide access to the milking data.
5. A2 Protein Milk Segregation and Validation: All A2 Protein Milk produced at a farm must be segregated from other milk produced at the farm, including through use of separate bulk storage tanks. Further, all A2 Protein Milk must be tested and validated prior to use in the production of a2 Brand Products.



6. Records: The farm must keep proper, complete, up-to-date and accurate records and other data (including details regarding herd composition, changes in the herd and milk production), and must provide this information to Meadowfresh and a2MC.

Price Premium:

A premium will be paid for A2 Protein Milk that complies with the a2 System and is processed into a2 Brand Products. The target premium is five cents per litre.

Quota:

Please note, there is no quota allocation associated with the request for A2 Protein Milk

Selection Process:

The selection of producers to participate in the supply of A2 Protein Milk will not be chronological and will be based on an established process, which includes consultation with the processor and final selection made by the Board. Selected producers will have demonstrated the ability to meet the outlined requirements, transport efficiencies, and Board discretion. At initial volumes, transportation from outside of the Fraser Valley may be cost prohibitive to participate in the A2 Protein Milk pool.

The Board does not warrant or guarantee to any vendor that milk meets the standards outlined as A2 Protein Milk.

Please provide your interest in production of A2 Protein Milk via email in the form of a letter or business plan, no later than April 15, 2020. In your email please include:

- Farm IRMA
- Amount, or range, of quota available for A2 protein Milk
- Single or multiple segregated bulk tanks
- How your farm meets the requirements listed above
- Expected A2 transition timeline
- Location

Please direct your Expression of Interest, or if you have any questions or concerns, to Woody Siemens at 604-854-4476 or wsiemens@bcmilk.com.

